



Daily Report

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General

U.S. President Concludes Japan Trade Visit

'Tokyo Declaration' Issued

OW0901135192 Beijing XINHUA in English
1208 GMT 9 Jan 92

[Text] Tokyo, January 9 (XINHUA)—The United States and Japan today pledged to cooperate in support of common geopolitical economic and humanitarian objectives "in a manner that provides for equitable sharing of responsibilities and benefits."

The pledge was contained in a four-page declaration, issued by U.S. President George Bush and Japanese Prime Minister Kiichi Miyazawa after their two rounds of summit talks on Wednesday and Thursday.

The declaration, called the "Tokyo Declaration," said the two countries were resolved to pursue a "global partnership" on the political foundation provided by their security alliance, which it affirmed will be maintained and strengthened amid the need for "continuing vigilance as we enter a new era marked by instability and uncertainty."

The declaration pledged both countries would focus on four broad goals to give substance to their partnership, namely maintaining world peace and security, promoting development of the world economy, supporting the worldwide trend toward democratization and market-oriented economies, and meeting new transnational challenges.

To achieve these goals, the declaration said, "the two countries will cooperate to strengthen the GATT multilateral trading system, reinvigorate the U.N. organization, advance arms control and the non-proliferation of weapons of mass destruction, assist the developing world to promote growth and stability and protect and improve the global environment."

On U.S.-Japan economic ties, the declaration said the two countries recognize that economic issues have assumed a new prominence in their post-Cold War ties.

The document pledged the two countries would henceforth "make their economies the most open, productive and competitive in the world, thereby building a sustainable trade and investment relationship."

"Both countries place the highest priority on taking effective measures to address factors underlying economic friction," said the declaration, which was accompanied by a lengthy action plan addressing specific trade, diplomatic and political issues.

The declaration also vowed that the two countries would undertake to expand scientific and technical cooperation, including basic research, and to increase research on global environment.

Economic Action Plan Approved

OW0901142692 Beijing XINHUA in English
1401 GMT 9 Jan 92

[Text] Tokyo, January 9 (XINHUA)—Japan and the United States agreed today to undertake the individual and joint decisions necessary to successfully conclude the broad-based General Agreement on Tariffs and Trade (GATT) talks known as the Uruguay Round.

This breakthrough was contained in a document entitled "Global Partnership of Action" released by U.S. President George Bush and Japanese Prime Minister Kiichi Miyazawa after two days of summit talks.

"Both the United States and Japan believe that (GATT) Director General Arthur Dunkel's proposed text is an important step that helps establish momentum to bring the Uruguay Round to a successful conclusion," the document said.

Tokyo, which bans rice imports, has shown reluctance to accept Dunkel's draft agreement put forward late last year.

The agreement calls for replacing all non-tariff trade barriers with tariffs.

Washington, which was originally opposed to the Dunkel paper, has recently softened its stance, but the European Community has so far kept its distance from the proposal.

The Japan-U.S. Action Plan also committed Japan to reducing its auto and auto parts trade gap with the U.S.

This accounts for 75 percent of the annual 41 billion dollar bilateral trade imbalance in Japan's favor.

The plan will see Japanese companies more than doubling their purchases of U.S. auto parts to 19 billion U.S. dollars in fiscal 1994 from 9 billion dollars in fiscal 1990.

The 19 billion dollars include 15 billion dollars in parts purchased by Japanese automakers operating in the U.S. market and 4 billion dollars in imports.

The auto dispute has been the most contentious of the bilateral economic frictions.

The heads of America's "Big Three" automakers are accompanying Bush during this four-day visit to Japan which ends on January 10.

The Action Plan also provides for Japan to help sell more U.S. finished cars in Japan, with the nation's five major car-makers promising to separately sell 1,200-6,000 U.S. cars per year.

Tokyo voiced its willingness to raise purchases of other foreign products, notably the government's procurement of computers.

Washington and Tokyo also agreed to reinvigorate the bilateral Structural Impediments Initiative (SII) aimed at redressing barriers to trade and investment in both nations.

On cooperation in science and technology, the Action Plan said the two countries would establish a joint working group to study how Japan could participate in the U.S.-initiated multibillion dollar superconducting super collider, now under construction in Texas.

Analysts said the Action Plan showed that the world's two biggest economic powers had narrowed their discord on trade issues.

But Washington is not fully satisfied with the trade document, they said.

Japan will make further efforts to increase market access for imports of U.S. paper, glass, and semi-conductor products, the plan added.

Bush Terms Visit 'Success'

*OW0901124992 Beijing XINHUA in English
1231 GMT 9 Jan 92*

[Text] Tokyo, January 9 (XINHUA)—U.S. President George Bush said here today his two days of talks with Japanese Prime Minister Kiichi Miyazawa would translate into more jobs back home.

"This visit has been a success," said Bush, addressing a joint press conference with Miyazawa after their two rounds of summit talks.

"It has advanced our goal of a level playing field and further opened the Japanese market to U.S. exports," Bush added.

"When you look at the agreements, you are going to see that both sides have agreed to more in the way of auto parts and cars," he said.

But Bush also said Washington must learn from Japan if it was to maintain growth in its economy.

U.S. businesses must increase their knowledge of the Japanese market, he said.

For his part, Miyazawa described the talks as "a frank exchange of views" which had been "useful" and "substantive".

He said it was unprecedented for two countries with such differing historical and cultural backgrounds to set up the "deep interdependence" which now existed between Japan and the United States.

When asked about his health, Bush said he was recovering from a bout of intestinal flu which led to his collapse at a state banquet on Wednesday evening.

"I am not concerned about it at all," Bush said.

"I think even Democrats get the flu too," he joked.

Bush denied the incident would affect his chances for re-election this November.

Bush, Miyazawa Praise Talks

*OW0901171692 Beijing XINHUA in English
1507 GMT 9 Jan 92*

[Text] Tokyo, January 9 (XINHUA)—United States President George Bush said today his visit to Japan would result in "increased trade, lower prices, better goods, and more jobs."

Speaking at a joint press conference with Japanese prime minister Kiichi Miyazawa, Bush said the U.S. message concerning the importance of fair access to Japanese markets was clearly received.

This was proven by the agreements forged in "very productive sessions" in Tokyo, Bush said.

"We've increased our exports to Japan some 70 percent since 1987 and cut our trade deficit with Japan about 30 percent," he said.

Miyazawa hailed the "Tokyo Declaration" and the attached "action plan" as "very dramatic."

But Bush said he was troubled by anti-Japanese feelings in the United States and anti-U.S. sentiment in Japan.

He said he hoped the outpouring of friendship and hospitality and concern over his "tiny bout" with stomach flu would send a positive signal to America.

Bush described the U.S.-Japan security alliance as the core of stability in East Asia.

Increased U.S.-Japan cooperation on global issues and regional problems was "absolutely essential" to help achieve the foreign policy objectives of both countries, the U.S. President said.

Miyazawa expressed his belief that Japan must support the United States in the rapidly changing world. "It would not be good for the U.S. to be encumbered with difficulties and headaches," he said.

He said he believed Washington could overcome its problems since Americans themselves had recognized them.

A solution would be found "because I believe the United States is a great country," he added.

XINHUA Reports 'Mixed Reactions'

*OW0901223392 Beijing XINHUA in English
1628 GMT 9 Jan 92*

[Text] Tokyo, January 9 (XINHUA)—With the ending of the two days of talks between U.S. President George Bush and Japanese Prime Minister Kiichi Miyazawa today, mixed reactions have come out of both countries concerning the results of the summit talks.

Bush and Miyazawa described their two rounds of talks as a success.

But U.S. automotive industry leaders accompanying Bush to Japan expressed dissatisfaction today with Japanese pledges to buy more U.S. cars and car parts.

Harold Poling, chairman of Ford Motor Co., said at a press conference that targets set by Japanese automakers were "embarrassingly low," compared with his initial expectations.

General Motors Corp. Chairman Robert Stempel called the Tokyo talks "only the start of progress," and said he would wait to see the outcome of the Japan-U.S. agreements.

John Reilly, president of muffler and exhaust-systems maker Tenneco Automotive, said "American auto parts are world class in terms of quality."

"They should have more opportunity," he said.

According to an economic action plan issued by Japan and the U.S., Japanese automakers have promised to buy 19 billion dollar worth of auto parts in fiscal 1994, up from about 9 billion dollars in fiscal 1990.

Japan recorded a 41 billion dollar trade surplus with the U.S. in 1990, of which automobiles accounted for 75 percent.

Five Japanese opposition parties, however, accused the government of making too many concessions to Washington on trade issues.

Meanwhile, Japan's influential business leaders generally termed the Japan-U.S. summit a success but some expressed concern that high-handed U.S. approaches to trade matters had not allayed the sources of potential frictions existing between the two countries.

XINHUA Reports Bush Departure

OW1001043692 Beijing XINHUA in English
0417 GMT 10 Jan 92

[Text] Tokyo, January 10 (XINHUA)—U.S. President George Bush left here for the United States this morning, concluding his four-day visit to Japan.

Two days of talks between Bush and Japanese Prime Minister Kiichi Miyazawa and grueling sessions between Japanese and U.S. business leaders resulted in an affirmation of the Japan-U.S. partnership in the post-cold war world and an "action plan" for resolving sticky bilateral trade issues.

Bush proclaimed his visit "very productive" in a joint press conference with Miyazawa on Thursday, saying his visit helped open the Japanese markets to U.S. goods and reaffirmed the Japan-U.S. security relationship.

Before Bush's departure, Japanese Emperor Akihito and Empress Michiko bade farewell to the U.S. President and First Lady Barbara Bush at Akasaka Palace.

Bush arrived in Japan on Tuesday, the final leg of his 12-day four-nation tour to the Asia-Pacific region which earlier took him to Australia, Singapore and South Korea.

U.S. Nuclear Experts To Visit Former Republics

OW1001044792 Beijing XINHUA in English
0345 GMT 10 Jan 92

[Text] Washington, January 9 (XINHUA)—A group of American negotiators and nuclear experts will visit four former Soviet republics next week for talks on the control and safety of nuclear weapons, the State Department said today.

The delegation, headed by Undersecretary of State Reginald Bartholomew, will visit Russia, Belarus, Ukraine and Kazakhstan where former Soviet strategic weapons and tactical nuclear weapons are deployed, State Department Spokeswoman Margaret Tutwiler said.

The date of the group's departure has not been fixed, she said.

The visit "is a follow-up to the agenda that the Secretary (James Baker) raised in December on the questions of nuclear safety and security, disabling and dismantling, proliferation, particularly with an eye toward establishing strict export and legal obligations under international agreements," she said.

When traveling to the Soviet Union on the eve of its disintegration, Baker got assurances from the four republics that they would abide by all arms control treaties signed by the former Soviet Union and maintain strict control on nuclear weapons on their soils.

But U.S. officials have been concerned that proliferation of nuclear weapons and technology would occur unless actions are taken to stop them in time.

U.S. Defense Secretary Dick Cheney, who was on a trip to Britain and Germany, warned in London today that the west must brace up for the spread of nuclear weapons in the wake of the Soviet collapse.

"As a result of the breakup of the former Soviet Union, the prospects for proliferation of technology, personnel who are knowledgeable about the technology and weapons of mass destruction, have significantly increased," Cheney said.

He said that "it's more important than ever" for the United States to develop and deploy the strategic defense initiative to shield the United States from any possible nuclear attack.

United States & Canada**Envoy to U.S. Views Intellectual Property Talks**

*HK0901121992 Beijing ZHONGGUO XINWEN SHE
in Chinese 1009 GMT 9 Jan 92*

[By reporter Liu Liping (0491 4539 1627): "Wang Tianming, Commercial Counselor of Chinese Embassy in United States, Speaks on New Round of Sino-U.S. Talks on Intellectual Property"]

[Text] Washington, 8 Jan (ZHONGGUO XINWEN SHE)—When speaking on the new round of Sino-U.S. talks on intellectual property, due to take place on 10 January, Wang Tianming, minister-counselor of the Chinese Embassy in the United States, said: This will be the eighth round of talks on intellectual property conducted during the past year. As long as the two sides make concerted efforts and show sincerity, the talks will generate positive results.

When interviewed by our staff reporter, the commercial counselor said: To reach positive results in any bilateral talks, the two parties should abide by these principles: First, they must make concerted efforts and show sincerity in carrying out pragmatic and conscientious talks in the spirit of negotiation on equal footing, mutual understanding, and mutual accommodation. Seven rounds of talks have been held on this issue. The Chinese side has shown the greatest sincerity and has expressed its wish to cooperate at each round of talks.

He pointed out: The two sides should seek common ground in their talks, which should be based on the international treaties and agreements that both sides have joined or are going to join, as well as international practice. If the United States were to introduce its domestic standards into the talks, it would certainly cause difficulties.

Counselor Wang Tianming believed that bilateral consultations on trade issues would go smoothly only when there is no interference from domestic political factors.

China is a developing country and attaches great importance to the constant improvement of legislation for protecting intellectual property. He said: In recent years, China has made remarkable progress in protecting intellectual property which has won international recognition.

The counselor also said: Trade problems between China and the United States should be settled through active dialogue conducted on an equal footing and fair consultations in accordance with the principles prescribed by the Sino-U.S. trade relations agreement. No party should resort to pressure, still less retaliatory trade measures, which will harm not only one side. He expressed his wish that the U.S. side will make efforts toward positive results of the talks together with the Chinese delegation, keeping in mind the goal of safeguarding the Sino-U.S. trade relations.

Article on Next Round of Sino-U.S. Trade Talks

*HK1001050892 Hong Kong TA KUNG PAO
in Chinese 10 Jan 92 p 6*

["TA KUNG Forum" article by Hsieh Ming (6200 7686): "China Is Sincere About Economic and Trade Talks; the United States Is Creating Many Difficulties for Political Purposes"]

[Text] In January 1992, Sino-U.S. economic and trade relations face the following choice: Continue to develop or begin to retrogress? China and the United States are not the only ones concerned about this issue; officials and people in Hong Kong are also deeply concerned. On 10 January, China and the United States will hold the eighth round of talks on the protection of intellectual property. Brian Chau Tak-hay, the Hong Kong Government's secretary for trade and industry, recently notified the U.S. Government of the impact of its upcoming imposition of punitive measures in accordance "Special 301" on the Hong Kong economy. If the U.S. Government decides to impose punitive import duties on a range of Chinese products in accordance with the "Special 301" plan, then Hong Kong will lose 7,200 jobs, and Hong Kong's GDP will be reduced by \$200 million. This will frustrate the investment confidence in Hong Kong and will cripple Hong Kong's position as a door to trade and investment in China. A number of industrial associations in Hong Kong will send their representatives to testify at hearings to be held in Washington in accordance with "Special 301." They will discuss the reactions of the relevant industries in Hong Kong. They are also worried that, once China loses its most favored nation trade status with the United States, Hong Kong's economy will also be seriously affected.

High-Handed Manner of Sanctions, Reprisals

A few days ago, THE NEW YORK TIMES carried a short commentary by columnist David Kenger [ken jia 5146 0502] entitled "The World in the Eyes of Beijing," which said that "it seems that the Chinese leaders' position is very tough, dangerous, crazy [feng kuang 4045 3693], and ignorant of international opinion." It held that "it is proper and effective for Washington to impose sanctions against Beijing to demand that China stop those unequal trade practices." If this reflects the position and viewpoint of the U.S. Government and its attitude toward the Sino-U.S. trade talks, then the attitude of the U.S. side was completely based on a misunderstanding and an extreme degree of arrogance which will lead to lamentable consequences harmful to China, the United States itself, and Hong Kong. It seems that the success of the Sino-U.S. trade talks and the improvement, development, and progress of Sino-U.S. economic and trade relations will depend on whether the United States can treat China as an equal partner and show good will toward China in the talks.

Killing Two Birds With One Stone by Forcing China To Accept Unfair Terms

Sino-U.S. trade has been facing a lot of trouble, and no agreement could be reached during the previous seven rounds of talks on protecting intellectual property rights. Then these threatening remarks were uttered before the eighth round of the talks. In the previous rounds of talks, the U.S. side did not base the discussions on international conventions and treaties; instead, it insisted on using U.S. domestic laws as the standard, even requiring China to revise its law on protecting intellectual property rights based on provisions in U.S. laws. The U.S. Government representatives not only displayed a kind of arrogance and disrespect toward the Chinese people, but also raised unreasonable demands which, in essence, interfered in affairs that were subject to China's state sovereignty. They tried to order China to do this or do that and showed contempt for the Chinese people's sincerity. If we link this to the drastic changes in the world's political and economic situation in 1991, and also observe the previous and present global strategies of the policy-makers in the U.S. Government, then we can perceive the essence of the trouble in the Sino-U.S. trade and in the Sino-U.S. talks on the protection of intellectual property: The United States is trying to force China to accept various terms under duress in the fields of economic exchanges and trade, thus making political, economic, cultural, and ideological infiltration and invasion against China and promoting China's peaceful evolution. By doing this, it will not only gain greater economic benefit from exchanges with China, but will also achieve the purpose of thoroughly changing China's political and economic system. That is, it will be able to kill two birds with one stone.

Can we then hope that the eighth round of talks on protecting intellectual property rights between China and the United States will achieve successful results? People certainly hope so. If we view U.S. strategy in Sino-U.S. relations against the broader background of the profound international political and economic changes, and also give consideration to the Chinese Government's sincerity and position, then we will not be too optimistic nor too pessimistic about the results of the eighth round of talks and the future prospects for Sino-U.S. economic and trade relations.

In view of the current world situation and U.S. intentions, what is the strategic purpose of the U.S. Government in dealing with Sino-U.S. relations and in dealing with China? To sum up, it is to exert all kinds of political and economic pressure in order to prompt "peaceful evolution" in China.

The previous seven rounds of Sino-U.S. talks should be linked to this U.S. strategic purpose. Can we then be more sober and clearer when seeing the eighth round of talks and not pin too much hope on the United States? Nor will we not become disappointed because our good wishes cannot come true. People may raise another question, however: Can China make any concession to

accept the U.S. terms so that a compromise can be made and trouble can be prevented?

China Has Shown Great Sincerity

China indeed cherishes great sincerity for the talks with the United States on protecting intellectual property rights. New China has been founded for only 42 years, and China's policy for reform and opening up has been carried out for only 11 years. It still has to accumulate more experience in the work of protecting intellectual property rights. So far, China has made great efforts in this regard and has done something that has been done for more than 100 years in some other countries. Some standards set by China for protecting intellectual property rights are even higher than those in other countries. For example, some developed countries only give 25 years protection to intellectual property rights but China has made the valid period of protection 50 years. The U.S. side required China to do something beyond the scope specified by the relevant international laws and conventions and to revise its own laws according to U.S. laws. Can the Chinese Government and the Chinese people accept such a demand?

Wang Bingqian Meets U.S. Businesswoman

OW1001045892 Beijing XINHUA in English
0329 GMT 10 Jan 92

[Text] Beijing, January 10 (XINHUA)—Chinese State Councillor and Minister of Finance Wang Bingqian met with Doris Wan Chang, chairman of the Global Alliances Inc. of the United States, and her party at the State Guesthouse here this morning.

They exchanged views on matters related to a symposium on the strategic position of financial management in enterprise development scheduled to be held here in May this year.

The symposium will be sponsored by the U.S. company, KPMG Peat Marwick and a Chinese newspaper, the "ECONOMIC DAILY".

During the meeting, Wang also briefed the visitors on China's reform of its financial management system.

Present was Wang Zhaodong, deputy editor-in-chief of the "ECONOMIC DAILY".

Article Assesses 'New Isolationism' in U.S.

HK1001004492 Beijing LIAOWANG in Chinese
No 48, 2 Dec 91 pp 40-41

[Article by Huai Chengbo (2037 2052 3134): "Probing Source of United States' 'New Isolationism'"]

[Text] With the changes in the international situation, particularly in the Soviet political scene, of recent years, a "new isolationist" trend has grown inside the United States which calls for drastically reducing involvement in international affairs and giving priority to domestic

issues. The leading exponents of this call are mostly Republican conservatives, the most well-known of whom is Patrick Buchanan, former Nixon and Reagan speech writer and columnist.

Buchanan has proposed that the United States use its own interests as policy-making objectives and intervene less in other countries' affairs. He maintained that, since WWII, the United States has taken on all the risks of protecting the West and opposing communism and has also shouldered most of the economic burden—while its erstwhile foes, Germany and Japan, have been growing at bewildering speed. He claimed that all the U.S. efforts have been the "globalist nonsense of a self-anointed messiah" and demanded that "external burdens be selectively discarded." As a result, he came up with seven policy proposals: 1) The United States should abolish the Rio de Janeiro Convention and revise the Monroe Doctrine by reducing the territory it covers to include only the northern coast of South America, the Caribbean, and Central America; 2) It should announce a concrete date for withdrawing all ground troops from South Korea; 3) It should abolish the bilateral security treaty with Japan. If some smaller southeast Asian countries want a U.S. fleet to remain, they should assume the costs; 4) No matter how strongly Poland, Hungary, Czechoslovakia and other East European countries ask to be admitted to NATO, the United States should not extend its protective umbrella to the East; 5) It should withdraw its troops and nuclear weapons from Western Europe and transfer NATO's functions to the Europeans; 6) It should end all foreign aid, dismantle the international development agency, and withdraw from the development banks of Asia, Africa, and Latin America; and 7) Congress should stop additional funding of the IMF and the World Bank.

At the other side of this isolationist trend is the "idealistic internationalism" whose exponents are Charles Krauthammer of the journal, "The New Republic," and Joshua (Mulafuqike) [4476 2139 1133 1142 0344] of the American Enterprise Institute. They suggest that the United States should use its unique position as the only superpower to export "democracy" to other regions of the world, maintaining that this would integrate the United States' moral responsibilities with self-interest because the United States can only be genuinely secure in a democratic world. They also believe that now is the time for the United States to establish a true "Pax Americana."

Meanwhile, the views of men like former Secretary of State Henry Kissinger, described as "pragmatic internationalism," seem to be somewhere in between "isolationism" and "internationalism." Kissinger advocates that the United States should play a lesser role in the world today than it did during the cold war period. First of all, it should set its priorities straight and determine what should be done, what can be done, and what will overextend the country. Admiral William Crowe, former chairman of the Joint Chiefs of Staff, holds that if the United States is to play a role overseas, it should first and

foremost have the financial power to do so. Therefore, it should boost its financial foundation.

As a foreign policy trend in the U.S., "isolationism" can be traced to the early days of U.S. history. In 1796, the first U.S. President George Washington, in his farewell speech to Congress, raised the principle of "not tying the United States' fate with that of Europe." In 1801, the third U.S. President Thomas Jefferson also announced in his inaugural address that the United States would isolate itself as much as possible from the European system and "refrain from forging an alliance with any state." Isolationism came to full fruition in the 1920's and 1930's with the emergence of an "America first" movement. The isolationist periods of U.S. history have come at different times and have had various causes. The reemergence of a so-called "new isolationist" trend today is not coincidental.

First, the rise of the "new isolationist" trend reflects the worsening economic and social contradictions and defects which have accumulated over the years in the United States. As the 1992 presidential election approaches, these issues have become objects of public criticism. 1) One is the issue of burgeoning economic difficulties. Since Bush became president, the U.S. economy has grown at an average rate of 1.6 percent, the lowest growth rate since the Truman era. The economic recession which started last summer has not come out of the doldrums, contrary to government predictions. According to the Treasury Department's announcements, the budgetary deficit for the 1990-1991 fiscal year which ended on 30 September is a high of \$268.7 billion, while the deficit for the next fiscal year is expected to be higher, reaching \$348 billion. At the moment, consumer and investor confidence are continuing to plunge. Most infrastructure has not been repaired or maintained for years, and people are gravely worried about their economic prospects. 2) The quality of education has been on the decline. Each year, some 500,000 grade school pupils and nearly 700,000 secondary school students drop out of schools all over the country. Less than half of secondary school and grade school students pass their examinations. 3) Social evils like crime, drug addiction, and AIDS continue to linger and worsen each day. Tens of millions of crimes take place in the country each year, including 20,000 homicides. The country also has some 6 million drug users, while some 450,000 people are killed in drug-related cases every year. 4) Poverty has mushroomed and not decreased. At present, the country's unemployed number 8 million. People living below the poverty line in 1990 were 2.1 million higher than in the past. The WASHINGTON POST in a recent editorial warned: "Americans are losing confidence in the system."

Secondly, the "new isolationist" trend is an extension of the "theory of decline" of the United States. The book *The Rise and Fall of the Great Powers*, published in 1987 by Yale University Professor Paul Kennedy, pointed out: Overextension of U.S. power overseas over the years has led to the decline of the United States and its demotion to a second-rate power. Speaking to reporters

from the German journal, "DER SPIEGEL," after the outbreak of the Gulf crisis, Professor Kennedy reaffirmed his theory about the decline of the United States. He maintained that the U.S. foundation today is much weaker than in the days of Eisenhower and that its hegemonic position has been threatened by the inequilibrium between means and ends, between political and military obligations on one hand and resources on the other hand. Many Americans who are concerned about their country believe that, given that the United States is totally numb about its own decline, it truly needs a dramatic crisis to shake it. Otherwise, it will not even know that it has lost its competitive edge.

The Bush administration has taken a severely critical stance against the "new isolationism." Secretary of State James Baker and Deputy Secretary of State Lawrence Eagleburger have both made speeches where they stressed that the United States' leading role in the world today is "irreplaceable" and charged that the "new isolationism" is designed to bring the world back to the "chaos" of the pre-World War II period. While in Rome recently to attend the NATO summit, President Bush declared that he would never retreat to a "fortress America." He also remarked derisively that only Democrats would advocate this kind of isolationism. But the Bush administration's policymakers have no doubt received the message from this big debate on foreign policy—they need to "focus on domestic issues."

Central Eurasia

Economic, Trade Agreement Signed With Armenia

OW0901233492 Beijing XINHUA in English
2134 GMT 9 Jan 92

[Text] Moscow, January 9 (XINHUA)—China and Armenia today signed their first economic and trade agreement in Yerevan, capital of Armenia.

A Chinese economic and trade delegation headed by Liu Shanzai, assistant trade minister, began a three-day visit to the country on Thursday. It is the first Chinese governmental delegation to Armenia since it got independence from the former Soviet Union.

In meeting with the Chinese delegation, Armenia's Deputy Prime Minister Bagratyan expressed the hope that his country is willing to develop relations in all fields with China.

The two sides also exchanged notes on developing economic and trade relations and setting up commercial offices in each country.

Heilongjiang Official Receives Khabarovsk Guests

SK1001021792 Harbin HEILONGJIANG RIBAO
in Chinese 24 Nov 91 p 1

[By reporter Yang Tianzhu (2799 1131 5511): "Du Xianzhong Meets With Guests from the Soviet Union"]

[Text] On the evening of 23 November, at the Huayuncun Guesthouse, Du Xianzhong, vice governor of Heilongjiang Province and director of the province's China-USSR People's Friendship Association, met with a six-member delegation of the USSR-China People's Friendship Association of Khabarovsk Kray in the Soviet Union, headed by (Romanov), director of the Khabarovsk Kray USSR-China People's Friendship Association.

Du Xianzhong said: Over the past several years, the Khabarovsk Kray People's Friendship Association has done a lot of work to develop the friendship between the peoples of Heilongjiang Province and Khabarovsk Kray. Therefore, we have an extremely good feeling about the delegation's visit.

Du Xianzhong said: Over recent years, the border trade between China and the Soviet Union has developed rapidly, and Khabarovsk Kray has become the largest trade partner of Heilongjiang Province. This is inseparable from the endeavor of Khabarovsk Kray USSR-China People's Friendship Association.

Du Xianzhong said: The contacts between the friendship associations of the province and the kray can promote not only the friendship but also the development of border trade.

(Romanov) said: The purpose of our visit this time is to summarize the friendship work of 1991 and then discuss plans for friendly contacts in 1992 and 1993. We are willing to make new contributions to developing the friendship and expanding the trade between the province and the kray.

Wang Yaochen, director of the provincial foreign affairs office, and deputy director of the provincial China-USSR People's Friendship Association, joined the reception.

Vice Governor Sees Airline Officials

SK1001032192 Harbin HEILONGJIANG RIBAO
in Chinese 30 Nov 91 p 1

[By reporter Yang Tianzhu (2799 1131 5511): "Du Xianzhong Meets With the Chita Airline Delegation"]

[Text] On the evening of 29 November, at Huayuncun Guesthouse, Du Xianzhong, vice governor of Heilongjiang Province, met with a six-member delegation of the Chita Oblast Airline Enterprise, headed by (Romak), first vice chairman of the Chita Oblast Executive Committee, and by (Sokernikov), president of the (Baikal) Integrated Airline.

On behalf of the provincial government, Du Xianzhong gave a welcome to the guests from Chita Oblast for their coming to the province to discuss matters relating to opening an air route between Chita Oblast and Harbin City.

Du Xianzhong said: Over recent years, there have been frequent trade contacts between Heilongjiang Province

and Chita Oblast. Therefore, to develop economic cooperation between the province and the oblast and increase the trade volume, it is extremely necessary to open an air route between the province and the oblast. We hope that this air route will be open as early as possible to facilitate the friendly cooperation between the two localities.

(Romak) said: Chita Oblast has already been designated as an economic zone opening to the outside world by the Russian Federal Republic. We welcome Heilongjiang's entrepreneurs to Chita Oblast to invest in running plants and to expand trade contacts.

Wang Fujian, director of the provincial civil aviation bureau, also joined the reception.

The guests of Chita Oblast arrived in Harbin on 28 November upon the invitation of the provincial civil aviation bureau.

Passenger Plane Purchased From Russia Arrives

OW0701035592 Beijing XINHUA in English
0327 GMT 7 Jan 92

[Text] Beijing, January 7 (XINHUA)—A Yak-42 jet plane arrived in Beijing from Saratovo in Russia on the first weekend of 1992, the first of six of the medium-range passenger planes ordered by China.

The 120-seat Yak-42 passenger planes were ordered in 1990 by the China Aviation Supplies Corporation from the former Soviet Union. The remaining five planes will arrive in China by the end of this year.

The six planes cost a total of 93 million Swiss francs (68.9 million U.S. dollars) through barter trade with the former Soviet Union.

They will fly on medium-range passenger routes under China's General Aviation Corporation (GAC). The Shanxi-based corporation, formerly the Chinese Industrial Aviation Corporation, is the biggest industrial aviation firm and has the longest history in the country.

GAC, which provides air services for mineral exploration, farming and scientific research, used to have only three Yun-7s, Chinese made medium-range passenger planes.

The corporation is to start its domestic passenger service by opening nine airlines linking Taiyuan, the capital of Shanxi Province, with other cities in the country including Shanghai, Guangzhou, Xiamen, Fuzhou, Harbin, Nanchang, Guiyang, Wenzhou and Changzhou.

Soviet Plane Flies Domestic Route

OW0601194692 Beijing XINHUA in English
1442 GMT 6 Jan 92

[Text] Chengdu, January 6 (XINHUA)—A Soviet-made T-154 passenger plane is now carrying passengers between Beijing and Chengdu, capital of Sichuan Province.

Operated by the Sichuan Provincial Aviation Company, the flights, available three times a week, are expected to alleviate a shortage of seats on the route.

The company, which was set up in 1988, now operates 18 domestic routes. It bought four T-154 planes by means of barter trade. Apart from the Beijing-Chengdu route, the planes are also expected to run Chongqing-Beijing, Chengdu-Guangzhou and Chongqing-Guangzhou.

Kravchuk Says Ukraine Should Be 'Maritime Power'

OW1001045692 Beijing XINHUA in English
0217 GMT 10 Jan 92

[Text] Moscow, January 9 (XINHUA)—Ukrainian President Leonid Kravchuk said Thursday his country "should become a maritime power" and that it would not allow others to get involved in solving the problem of the Black Sea Fleet.

Kravchuk made the remarks at an all-Ukraine conference on military affairs which was held in the Ukrainian capital of Kiev, the TASS NEWS AGENCY reported.

The president said even though the ownership of the Black Sea Fleet was "a complicated problem...we should solve it, and would not allow others to get involved in it."

It was impossible to have unified Armed Forces without a unified nation, but the Commonwealth of Independent States was not a unified nation, Kravchuk continued.

He said, "We are establishing our own Armed Forces in line with the agreements reached in Alma-Ata and in Minsk."

The outcome of the national referendum had also authorized us to do so, he said, adding that two-thirds of the servicemen in Ukraine voted for the independence of Ukraine.

Addressing the meeting, Admiral Igor Kasatonov, commander of the Black Sea Fleet who refused to swear an oath of allegiance to Ukraine, stressed that the naval fleet was an integrated entity and it would be unreasonable to divide it into strategic forces and conventional forces.

Ukraine announced the takeover of three military areas on its territory and the Black Sea Fleet on January 3. The move triggered strong reaction from the former Soviet Armed Forces and other former Soviet republics.

The dispute focused on the ownership of the 300-vessel Black Sea Fleet, one of the four powerful fleets of the defunct Soviet Union.

According to TASS reports earlier Thursday, Russian President Boris Yeltsin, who was on a nationwide inspection tour, said that the Black Sea Fleet belonged to his republic and not to Ukraine.

"No one, not even Kravchuk, will take the Black Sea Fleet away from Russia," he was quoted as saying.

However, speaking before leaving for the inspection on Wednesday, Yeltsin had said the Black Sea Fleet was part of the strategic forces of the Commonwealth and did not belong to any single republic.

Yeltsin Claims Black Sea Fleet

OW0901233592 Beijing XINHUA in English
1701 GMT 9 Jan 92

[Text] Moscow, January 9 (XINHUA)—Russian President Boris Yeltsin said today the Black Sea Fleet belonged to his republic and not the Ukraine.

"The Black Sea Fleet was, is and will be Russia's", he told workers at an aircraft factory in Ulyanovsk, TASS reported.

"No one, not even [Ukrainian president] Kravchuk will take the Black Sea Fleet away from Russia," he said.

The Russian president said he has conveyed a message through commander-in-chief of the Navy, Vladimir Chernavin, to the commanders of the ships making up the Black Sea Fleet.

The message said they were now under the protection of the Russian president and should not take an oath of allegiance to Ukraine.

Yeltsin did say however that Russia intended to establish normal relations with Ukraine.

On the situation in Russia, Yeltsin said it would be stabilized within six to eight months.

After this, the standard of living would gradually rise, he said.

Observers here noticed that it was only yesterday that President Yeltsin said the Black Sea Fleet was a part of the strategic forces of the Commonwealth of Independent States (CIS) and did not belong to any single republic.

It is also noticed that Yeltsin's remarks on the ownership of the Black Sea Fleet came after Kravchuk claimed it for his republic yesterday.

The Russian president began his nationwide inspection tour on January 8 amid growing unrest in the country over recent price hikes.

Later today, Yeltsin is due to leave Ulyanovsk for Nizhny Novgorod.

Northeast Asia

DPRK Ambassador Speaks on Nuclear Accords

SK1001010392 Beijing Radio Beijing in Korean
1100 GMT 9 Jan 92

[Text] Chu Chang-chun, DPRK ambassador to China, held a press conference on 9 January in Beijing regarding the issue of signing the nuclear safeguards accord.

Ambassador Chu Chang-chun said that the DPRK Government put forth issues such as withdrawing nuclear weapons from South Korea, eliminating the nuclear threat, securing a guarantee to not use nuclear weapons, and carrying out simultaneous nuclear inspection. He consistently demanded that to resolve these issues, negotiations between the DPRK and the United States must be carried out and that the DPRK Government took the initiative and forward measures every time. He stated that through these kind of measures the nuclear issue on the Korean peninsula is being resolved.

He stated that through the 7 January Foreign Ministry spokesman's statement, the DPRK Government said that it will sign the nuclear safeguards accord in the near future and that after taking legal procedures as soon as possible, this will be ratified. It also revealed that the DPRK has decided to receive nuclear inspection after agreeing with the International Atomic Energy Agency [IAEA] on its date and that the DPRK Government will officially notify the IAEA of this position.

Ambassador Chu Chang-chun said that the DPRK Government will continue to sincerely abide by its duty in accordance with the Nuclear Non-Proliferation Treaty in the future so that nuclear weapons can be completely eliminated on this earth. The government will also actively contribute to the cause of defending peace and stability in Asia and the rest of the world.

Column Notes North, South Korean Exchanges

HK1001030492 Hong Kong TA KUNG PAO
in Chinese 9 Jan 92 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Pyongyang Agrees to International Nuclear Verification"]

[Text] North, South Make Important Announcements

On 7 January, South and North Korea made separate important announcements which indicated that the situation on the Korean Peninsula was indeed developing toward further reconciliation and that the previous tension was being replaced with peace. This has not been seen before on the peninsula since the end of the war.

In Pyongyang, the foreign ministry spokesman announced on 7 January that Korea will sign an agreement by the end of this month accepting nuclear verification by the International Atomic Energy Agency [IAEA]. On the same day, Seoul also announced that it would not carry out this year's U.S.-South Korean joint military exercise [Team Spirit], which has been carried out every year since 1976.

For a long time after the end of the war, the Korean Peninsula was a constant source of tension in Asia. At present, both North and South Korea have agreed to the peninsula's nuclear-free status; the United States has withdrawn its nuclear weapons from the peninsula; and North Korea has allowed the IAEA to send personnel to

conduct verification. All this shows that the "cold-war structure" on the Korean Peninsula has ceased to exist. In future, through the summit meeting between North and South Korea, cooperation and exchanges between the two sides will be arranged to bring benefit to the 65 million Korean people. Further substantial changes will then occur in the situation on the peninsula. For the past nearly half a century since the end of World War II, the Korean people have suffered greatly under the cold war situation. Henceforth they will be able to conduct economic construction in a peaceful environment. Both Asia and the world as a whole are glad to see this.

Pyongyang's Policy Changes

The rapid turn for the better in the situation on the peninsula began after the mutual nonaggression agreement between North Korea and South Korea was signed in mid-December 1991. Then, in late December, the two sides issued their "Declaration on the Nuclear-Free Status of the Korean Peninsula."

All this occurred against the background of the dissolution of the Soviet Union and East European countries being bogged down in economic difficulties. Pyongyang's decision to set up special economic zones in order to develop the economy related to the people's livelihood. North Korea's policy changes are in line with the development of the situation on the Korean Peninsula and the situation in Asia as a whole.

Pyongyang's decision to accept the international nuclear verification was also prompted by Seoul's concession in canceling the joint military exercises with the U.S. troops. During his recent visit to Seoul in talks with No Tae-u, U.S. President Bush agreed that the United States would gradually improve relations with North Korea under the conditions of nuclear verification in North Korea and the improvement of relations between North Korea and South Korea. Bush also indicated: "The Korean Peninsula issue should be solved by those involved on both the northern and southern sides through direct consultations." That is to say, it is certain that the U.S. troops will be withdrawn from South Korea some time in the future.

The United States and South Korea held that North Korea will be able to produce nuclear weapons within two years and they demanded that Pyongyang accept international verification when it agrees to the peninsula's nuclear-free status. On the other hand, North Korea held that the nuclear weapons deployed by the U.S. troops in South Korea constituted the real threat. The United States has now withdrawn its nuclear weapons and the joint military exercise has also been canceled. So, North Korea has also made a corresponding concession.

Peninsula Will Become More Peaceful This Year

Facts show that without the superpowers manipulating things behind the scenes, the Korean people themselves can handle their own affairs better.

On 24 December, Korea's Kim Chong-il became supreme commander of the Korean People's Army. This shows that Kim Il-song is gradually handing over power to the next generation. It is reported that by Kim Il-song's 80th birthday on 15 April, Kim Chong-il will probably [you ke neng 2589 0668 5174] become state president and at that time the North-South summit meeting will probably [ke neng 0668 5174] be held between No Tae-u and Kim Chong-il. Later, North Korea will establish diplomatic relations to improve relations with Japan and the United States, while South Korea and China may establish diplomatic relations this year. Thus, the peninsula's situation will witness decisive development.

At present, economic exchanges between North and South Korea have already started. Kim U-chung, chairman of the Tae-u Group, a leading conglomerate in South Korea, will visit North Korea on 15 January at the invitation of North Korea's Trade Ministry. Kim U-chung said that he will talk with the parties concerned in North Korea on setting up joint ventures engaged in the production of footwear, garments, and light industrial goods for daily use. He said that North Korea is ready to pursue economic opening like China.

Beginning this year, the Korean Peninsula will enter a new era!

Commentary Views North Korean 'Relaxation'

HK1001060392 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 10 Jan 92 p 6

["Commentary" by Xu Baokang (1776 1405 1660): "New Beginning in Promoting Relaxation in Korean Peninsula"]

[Text] As a new year begins, fresh news of peace has come from the Korean peninsula: On 7 January, the Korean Foreign Ministry issued a statement saying that the Korean Government had decided to sign the Nuclear Nonproliferation Treaty and allow inspection. On the same day, the South Korean Defense Ministry announced that it had cancelled the joint U.S.-South Korean military exercise "Team Spirit '92," scheduled to be held this spring. These are important moves taken by the two Korean sides in an effort to further relax the situation in the Korean Peninsula, eliminate military confrontation between the two sides, and realize the denuclearization of the Korean Peninsula. It is generally maintained in international public opinion that the steps taken by the two Korean sides to turn hostility into friendship will not only help boost the momentum of relaxation in the Korean Peninsula, but also play an active role in promoting the process of Korea's peaceful reunification.

Since the two Koreas joined the United Nations last September, they have achieved breakthroughs in their relations. In December, an "agreement on reconciliation, mutual nonaggression, cooperation, and exchanges between the North and the South" was signed by the

prime ministers of the two Koreas in Seoul, breaking the long-time state of confrontation between the two. This opened up a new situation for further improvement of North-South relations and stepped-up dialogue and consultation. This was welcomed by all people in Korea and by the international community.

As relations between North and South Korea have continued to improve, the climate and conditions for a fair and just resolution of the nuclear issues in the Korean Peninsula also gradually ripened. In July, the DPRK Government raised anew a proposal for the establishment of a nuclear-free zone in the Korean Peninsula and received a positive response from the United States. In September, U.S. President George Bush announced that the United States would pull out nuclear weapons deployed in South Korea. Later, a "Denuclearization Declaration" was issued by South Korea. In November, the DPRK Foreign Ministry put forward four new suggestions concerning the signing of the Nuclear Nonproliferation Treaty based on changes in the situation. In December, South Korea announced that all nuclear weapons deployed by the United States on South Korean territory had been pulled out. At the end of the year, a "Joint Declaration on Denuclearization of Korean Peninsula" was initialed by the two Koreas in Panmunjom. With an eye on the denuclearization of the Korean Peninsula, President Kim Il-sung in his New Year address on 1 January this year stressed: "We are willing to accept nuclear inspections provided that the principle of fairness is assured." On 6 January, U.S. President George Bush, while visiting Seoul, also indicated: If the North Korean side agrees to nuclear inspection, the United States and South Korea will "suspend the joint military exercise."

It is common knowledge that, since the United States and South Korea began holding the joint military exercise "Team Spirit" in 1976, the tense climate of military confrontation in the Korean Peninsula has increased. On this, the North Korean side has always demanded that the United States and South Korea take steps to suspend the "Team Spirit" joint military exercise. Today, the South Korean authorities' announcement of the suspension of this year's "Team Spirit" joint military exercise, which followed the positive initiative taken by North Korea, is consistent with the historical trend toward detente in the Korean Peninsula, complies with the aspirations of all Korean people for peace, helps erase the protracted state of military confrontation between the two Koreas, and creates an atmosphere of mutual trust.

The efforts by the two Koreas to promote relaxation in the Korean Peninsula in the early days of 1992 have ushered in an excellent beginning. It is hoped that the two Koreas will continue with serious dialogue and mutual consultation and score new success in the coming Sixth North-South high-level talks.

Japan's Tanabe Arrives in Beijing

*OW1001082592 Tokyo KYODO in English
0738 GMT 10 Jan 92*

[Text] Beijing, Jan. 10 KYODO—Social Democratic Party (SDP) Chairman Makoto Tanabe arrived in Beijing on Friday on the first leg of his eight-day tour of China, Thailand, and Cambodia.

Tanabe is leading a 12-member delegation which includes Kosuke Uehara, foreign minister of the leading opposition party's shadow cabinet.

In China, Tanabe will meet Chinese Communist Party General Secretary Jiang Zemin, Premier Li Peng, and other leaders.

He also is scheduled to meet Cambodian leader Prince Norodom Sihanouk on Tuesday.

Tanabe intends to make clear the party's commitment to the Asia-Pacific region during the tour and will exchange views with leaders of the three nations on a new international order in Asia.

He will also discuss measures to rebuild war-torn Cambodia, SDP officials said.

Meets Zhu Liang

*OW1001111792 Beijing XINHUA in English
1015 GMT 10 Jan 92*

[Text] Beijing, January 10 (XINHUA)—Makoto Tanabe, chairman of the Social Democratic Party of Japan, arrived here today at the head of a delegation of the Social Democratic Party for a visit at the invitation of the Chinese Communist Party (CPC).

Shortly after the arrival of the delegation, Zhu Liang, member of the CPC Central Committee and head of the committee's International Liaison Department, held talks with the delegation.

The two sides exchanged views on bilateral relations between the two parties and the two countries, as well as on international issues of common concern.

This is Tanabe's first trip abroad since he became chairman of the Social Democratic Party last July.

Urges Nuclear Arsenal Reduction

*OW1001101792 Tokyo KYODO in English
0934 GMT 10 Jan 92*

[Text] Beijing, Jan. 10 KYODO—Japan's Social Democratic Party (SDP) Chairman Makoto Tanabe urged China on Friday to wind down its nuclear arsenal and make clear the process of its nuclear disarmament, Japanese officials said.

Tanabe made the request in a meeting with Zhu Liang, head of the Chinese Communist Party's International Liaison Department. His request followed the recent

Chinese parliamentary approval of the signing of the Nuclear Nonproliferation Treaty.

The leader of Japan's largest opposition party also called for establishment of an Asia-Pacific security organization for military confidence-building, disarmament, political reconciliation, economic and cultural exchange in northeast Asia.

Tanabe arrived Friday on the first leg of an eight-day tour of China, Thailand, and Cambodia.

Tanabe also called on Zhu, concurrently vice president of the Chinese People's Association for Peace and Disarmament, to clamp down on its alleged exports of missiles to Third World countries.

"I hope that China plays an active role in living up to the weapons export control, including the rules of the missile technology control regulations," he was quoted as telling Zhu.

He also asked for Chinese cooperation with the new international registry system of conventional arms transfer which was adopted at the U.N. General Assembly session in late 1991, SDP officials said.

Tanabe also implicitly requested that China improve its human rights records saying it is important for Asian countries to share democratic values.

"China is an indispensable partner for peace, trade, and economic development in the Asia-Pacific region...at the same time the United States must be also a joint partner for peace and prosperity in Asia and Pacific," he said.

The SDP will urge the Japanese Government to pay war reparations to Chinese victims of Japan's war atrocities committed before and during World War II, Tanabe said.

'Anti-Japanese War Museum' Attracts Visitors

*OW0901140392 Beijing XINHUA in English
1255 GMT 9 Jan 92*

[Text] Beijing, January 9 (XINHUA)—The Chinese People's Anti-Japanese War Museum in Beijing has become very attractive to visitors from both home and abroad.

In 1991, some 1.2 million people visited the museum including those from Japan, Britain, Hong Kong, Macao and Taiwan.

The museum has attributed its attraction to its abundant historical materials of the anti-Japanese war and new sub-exhibitions on the war.

Last year, four new exhibitions were opened including photo exhibits on the anti-Japanese war and exhibitions on the crimes of the 731 detachment of the invading Japanese army.

The museum also has also [as received] made a good publicity of its services among enterprises and government institutions.

Southeast Asia & Pacific

Yang Shangkun Continues Visit to Singapore

Meets Industrialists, Businessmen

*HK1001090692 Beijing ZHONGGUO XINWEN SHE
in Chinese 1250 GMT 9 Jan 92*

[By reporter Li Wei (2621 0251): "Yang Shangkun Says China's Door Is Open to Outside World Forever"]

[Text] Singapore, 9 Jan (ZHONGGUO XINWEN SHE)—While meeting Singaporean industrialists and businessmen here this afternoon, Chinese State President Yang Shangkun said that China will support and assist foreign-invested enterprises in China and make efforts for the better management of special economic zones and Shanghai's Pudong development zone, adding that China's door is open to the outside world forever.

Yang Shangkun said that reform and opening up are a way for China to make the country prosperous and that China will deepen its reform and widen the scope of opening up. He welcomed Singaporean industrialists and businessmen expanding their cooperation with China.

He told 27 eminent industrialists and businessmen present at the meeting that the important purpose of his current visit is to discuss with Singaporean leaders how to strengthen the two countries' cooperation in various fields, particularly economic cooperation.

Yang Shangkun also answered questions on China's housing policy, its efforts to end the practice of everybody eating from the same big pot, and its investment environment. At the same time, he also listened to their suggestions.

Tan Eng Lu, president of the Singapore General Chamber of Commerce, welcomed Yang Shangkun's visit to Singapore on behalf of the participating industrialists and businessmen, expressed their happiness about China's economic development, and wished China greater successes.

At the beginning of the meeting, Yang Shangkun shook hands with each of the industrialists and businessmen and said: The Spring Festival is approaching, I wish you a Happy Lunar New Year.

Briefs Embassy Staff

*OW0901233992 Beijing XINHUA Domestic Service
in Chinese 1352 GMT 9 Jan 92*

[By reporter Cai Ximei (5591 6932 2734) and Ma Shengrong (7456 0524 2837)]

[Text] Singapore, 9 Jan (XINHUA)—Visiting Chinese President Yang Shangkun cordially met with Chinese embassy staff and representatives of other Chinese organizations in Singapore, and joined them in having a group photo taken to mark the occasion. The meeting took place this evening in the Chinese embassy.

President Yang briefed them on the excellent situation in China, characterized by political and social stability and economic growth. He encouraged them to work hard at their posts abroad, and to contribute to further developing the friendship between the Chinese and Singaporean people and to promoting Sino-Singaporean economic, trade, scientific, technological, and cultural cooperation.

President Yang was accompanied on the occasion by Vice Premier Wu Xueqian, Vice Foreign Minister Xu Dunxin, and Vice Minister of Foreign Economic Relations and Trade Wang Wendong.

Wu Xueqian Meets Former Official

*OW1001110492 Beijing XINHUA Domestic Service
in Chinese 1342 GMT 9 Jan 92*

[By reporters Ma Shengrong (7456 0524 2837) and Cai Ximei (5591 6932 2734)]

[Text] Singapore, 9 Jan (XINHUA)—Wu Xueqian, vice premier of the State Council, who is accompanying President Yang Shangkun on a visit to Singapore, met with Dr. Goh Keng Swee here this afternoon.

Dr. Goh Keng Swee was the former first deputy prime minister of Singapore and is an old friend of Vice Premier Wu Xueqian.

During their cordial and friendly conversation, the two sides examined Sino-Singapore cooperation in economic fields, particularly on developing the tourism industry.

They indicated that China and Singapore will work together to further consolidate and expand the friendly ties and cooperation between the two countries.

Yang Views Ties in Interview

*OW1001031492 Beijing XINHUA Domestic Service
in Chinese 1410 GMT 9 Jan 92*

[By reporter Ma Shengrong (7456 0524 2837) and Cai Ximei (5591 6932 2734)]

[Text] Singapore, 9 Jan (XINHUA)—Visiting Chinese President Yang Shangkun today expressed the hope that Sino-Singaporean economic cooperation will reach new a depth and width, and that Asia-Pacific nations will work together for peace and development in the region.

President Yang made the remarks during an interview with the Singapore Broadcasting Corporation [SBC] this afternoon.

He first expressed his heartfelt thanks, through the SBC television and radio stations, to the Singaporean Government and people for according him a warm welcome and lavish hospitality during his visit. Then he answered reporters' questions.

[Reporter] Cooperation in trade and investment is very close between Singapore and China, but there is still great potential for the two sides to promote cooperation in these areas. What measures will China adopt to attract more foreign investors, including Singaporean investors?

[Yang Shangkun] China now enjoys both political and social stability. After three years of economic retrenchment, the economy is moving towards a sustained, stable, and coordinated development; an operational mechanism combining planned economy and market regulation has been gradually built. These have created a better business environment for foreign-funded enterprises. The software of the investment environment in China is also improving gradually. A large number of infrastructure and service facilities have been constructed throughout the country, particularly the coastal regions. We have formulated more than 200 economic laws and regulations concerning foreign nationals, have promulgated a series of preferential provisions for encouraging foreign investment, have reformed the foreign capital management system, have delegated to lower levels the authority of approving foreign-funded projects, and have simplified the examination and approval procedures. We have successively set up five special economic zones and more than 10 economic and technological development zones. Offering preferential terms, we have scored success in attracting foreign investors. Of course something is still not yet ideal, and there still exists some problems, but we are making efforts to improve them. With our country deepening its reform and opening itself up wider to the outside world, the conditions for foreign entrepreneurs to invest in China will become increasingly better.

A good foundation for economic cooperation between China and Singapore already exists. At present, Singapore has invested in nearly 500 projects in China with a total volume of more than \$800 million. Most projects have yielded good economic results. We welcome more Singaporean entrepreneurs to invest in China. We believe that with concerted efforts being made by both sides, Sino-Singaporean economic cooperation will reach new a depth and width.

[Reporter] The disintegration of the Soviet Union will affect the balance of power in the Asia-Pacific region. What are China's comments on the new situation? Which regional power will fill the vacuum left by the Soviet Union? Will China play a more active role in the international arena, particularly in regional security and political areas?

[Yang] With the disintegration of the Soviet Union, the U.S.-Soviet confrontation in the Asia-Pacific region no longer exists. Decades of postwar history have shown

that big power military rivalry and confrontation in the region can only result in turbulence and conflicts rather than contribute to peace and development. China does not wish to see the recurrence of that situation. Peace and development is the common interest of countries in the region. Under the turbulent international situation this year, the situation in Asia is relatively better. It is moving towards relaxation and stability. We hope that Asian countries will seize this historical opportunity and strengthen their cooperation on the basis of equality and mutual benefit so that the situation in the region will further move towards stability and development and will become more prosperous, and so that its people will lead a happier and more affluent life.

As an Asia-Pacific country, China has always attached importance and contributed to peace and development in the region. China is now concentrating its efforts on the modernization drive; it needs long-term peace in external environment, and most of all a peaceful environment in its surrounding areas. We are willing to continue to develop friendly relations and cooperation with other Asia-Pacific countries on the basis of the five principles of peaceful coexistence, and will work hard for peace and development in the region.

[Reporter] Because of its growing economic strength, people generally believe that Japan has the capability to fill the power vacuum left in the Asia-Pacific region by the big powers. Japan is providing a large amount of economic assistance to Asia-Pacific nations, including China. In the meantime, attempts by the Japanese Government to pass the "Peace-Keeping Operation" Bill has met with strong resistance at home. What are China's comments on the role to be played by Japan in the Asia-Pacific region? Does China agree to Japan's playing a more important role in regional security?

[Yang] Japan has registered great economic achievements over the past four decades, which is due fundamentally to the course of peaceful development it chose to take after the war. Such a course has not only benefited the Japanese people, but has also brought peace to Asia and the world. China hopes Japan will continue its course of peaceful development and will play a greater role in safeguarding world peace and promoting human progress. Japan is an developed Asian country. Its political, economic, technological, and cultural commitments to regional and world peace and development will be welcomed by other Asian countries as well as by the rest of the international community.

Due to historical reasons, any form of Japanese military presence abroad would be a sensitive issue. The bill has not only provoked disapproval from many Japanese at home, but has also caused concern among other Asian countries, including China. China always hopes that the Japanese Government will handle such issues carefully.

Meets Business 'Notables'

OW1001113992 Beijing XINHUA Domestic Service
in Chinese 1529 GMT 9 Jan 92

[By reporters Ma Shengrong (7456 0524 2837) and Cai Ximei (5591 6932 2734)]

[Text] Singapore, 9 Jan (XINHUA)—Chinese President Yang Shangkun, currently visiting Singapore, met with 27 Singapore business notables here this afternoon at his hotel and held a cordial and friendly conversation with them.

While briefing the Singaporean friends, President Yang said: At the moment, Chinese politics are stable, her economy growing, and her society peaceful. China's 1991 GNP is forecast to grow 7 percent, and in spite of serious flooding suffered by agricultural concerns, China has managed to reap its second best harvest in history. Industrial production has grown steadily, and market supplies are ample.

He said: Last year, flood disasters occurred in some parts of China. But by carrying forward the fine traditions of the Chinese nation in which all sides provide help when one side has difficulties, no one fled the disaster areas; instead, people have rebuilt their homes. This is the result of joint efforts by the Chinese Government and people. On top of that, we also received help from the international community, including from Singapore.

President Yang expressed his heartfelt thanks to the government and people of Singapore for their assistance.

President Yang said: One important objective of this visit to Singapore, at the invitation of President Wee Kim Wee, is to explore, together with Singaporean leaders, ways to strengthen cooperation in various fields between the two nations, particularly economic and trade cooperation.

President Yang stressed: "At the moment, Sino-Singapore economic cooperation and trade is progressing well, and our friends here have all contributed to it.

President Yang said: Reform and opening to the outside world is China's road to prosperity. These policies have enabled its economy to take a big stride forward. "We must deepen reform, open wider to the outside world, and do both of these things better and more soundly. We will support and help make a success of existing foreign-invested and joint-venture enterprises and must work hard to ensure the success of the Special Economic Zones and the Shanghai Pudong Development Zone."

He said that the door of China will stay open forever and Sino-Singaporean economic cooperation and trade is mutually beneficial. He expressed the hope that members of Singapore business circles would expand economic cooperation and trade with China.

Views 'Very Successful' Tour

OW1001060792 Beijing XINHUA in English
0551 GMT 10 Jan 92

[Text] Singapore, January 10 (XINHUA)—Chinese President Yang Shangkun left here this morning after concluding his four-day state visit to Singapore.

Before his departure here for Malaysia, President Yang paid a farewell call to President Wee Kim Wee in Istana, the presidential palace.

Yang told the Singapore president he was satisfied with the tour, describing it as very successful. "I was deeply impressed by the visit," Yang said.

The president of Singapore congratulated President Yang on a successful trip.

Singapore Deputy Prime Minister Ong Teng Cheong told reporters soon after Yang's departure that the Chinese president's visit was very fruitful and successful.

President Yang, the first Chinese head of state to visit Singapore, arrived here on January 7. During his three-day stay, he exchanged views and reached a wide consensus with Singapore leaders on international and regional issues of common concern.

Arrives in Kuala Lumpur

OW1001064992 Beijing XINHUA in English
0638 GMT 10 Jan 92

[Text] Kuala Lumpur, January 10 (XINHUA)—Chinese President Yang Shangkun arrived here this morning for a four-day state visit to Malaysia.

Upon his arrival from Singapore, Yang said: "In recent years, thanks to the concerted efforts of the two sides, gratifying progress has been made in friendly relations and cooperation between our two countries (China and Malaysia)."

President Yang said in a written statement that he will exchange views with Malaysian leaders on the further development of bilateral relations as well as regional and international issues of mutual concern.

The Chinese president has come to Malaysia at the invitation of the Malaysian Supreme Head of State Sultan Azlan Shah.

A welcoming ceremony for the Chinese leader is due to be held this afternoon, which will be followed by a meeting with the Malaysian supreme head of state and a dinner in Yang's honor in the evening.

Yang has just concluded a four-day state visit to Singapore, during which he held talks with Singapore President Wee Kim Wee and other leaders.

This is the first visit by a Chinese head of state to the two member countries of the Association of Southeast Asian Nations (ASEAN).

Before his departure from Singapore, President Yang went to Istana, the presidential palace, to bid farewell to President Wee Kim Wee.

Yang said that he had held friendly, frank and sincere talks with Singapore leaders, describing his visit as successful.

President Wee expressed the hope that contacts between top leaders of the two countries would continue.

'Roundup' Views Sino-Malaysian Relations

OW1001112192 Beijing XINHUA Domestic Service
in Chinese 0601 GMT 10 Jan 92

["Roundup" by reporter Ding Baozhong (0002 1405 1813): "Sino-Malaysian Relations Enter New Stage of Extensive Cooperation"]

[Text] Kuala Lumpur, 9 Jan (XINHUA)—The upcoming state visit to Malaysia by President Yang Shangkun comes at a time when Sino-Malaysian relations are entering a new stage of extensive cooperation. Since last year, great progress has been made during exchanges of visits by high-level and other personnel in trade, investments, and exchanges in cultural and other fields between the two countries.

Malaysian Paramount Ruler Sultan Azlan Shah paid a goodwill visit to China last September. He was the first paramount ruler of Malaysia to visit China since the two countries established diplomatic relations 17 years ago. President Yang Shangkun's upcoming visit to Malaysia is in return for Shah's visit to China. President Yang will be the first Chinese president to visit Malaysia.

State Councillor and Foreign Minister Qian Qichen's visit to Malaysia last July and his attendance at the ASEAN foreign ministers meeting are other major events in Sino-Malaysian relations. Foreign Minister Qian held a dialogue with foreign ministers of ASEAN member countries, writing a good first chapter in the history of relations between China and ASEAN.

Chinese Vice Foreign Minister Xu Dunxin led a Foreign Ministry delegation to visit Malaysia—officials from the Chinese and Malaysian Foreign Ministries established contact for the first time. Rafidah Aziz, Malaysian minister of international trade and industry, visited China and attended the first meeting of the Sino-Malaysian Joint Economic and Trade Committee.

These visits indicate that the scope of cooperation between China and Malaysia is continuing to expand.

In culture, Chinese song and dance troupes and art troupes have visited Malaysia many times; many Malaysians from journalistic, publishing, and literary and art circles also have visited China.

Not only have "government-to-government" exchanges continued between the two countries, "people-to-people" exchanges have also begun. Youth and

women's delegations from the two countries exchanged visits for the first time in 1991. Youth organizations in the two countries also signed a letter of intent on strengthening relations.

Two-way tourism has also increased. More than 84,000 Malaysian tourists—more than twice the 1990 figure—visited China in 1991. In the first 10 months of 1991, more than 11,000 Chinese went to Malaysia to visit their relatives.

Development in economic and trade cooperation is most noticeable among relations in all fields between the two countries. Bilateral trade between the two countries in the first eight months of 1991 reached \$934 million, up 35 percent over the previous year. At the same time, the scale of investment in each country has expanded—China now has 31 investment projects in Malaysia, a total investment of more than \$11.4 million; Malaysia has 29 investment projects in China, a total investment of \$19 million.

When some provinces and areas in China were hit by disastrous floods last year, the Malaysian Government and people lent a helping hand to the Chinese Government and people. On behalf of the Malaysian Government, Prime Minister Mahathir called for a grant for China. The Malaysian people readily responded to his request; money donated by people from all sectors exceeded 10 million Malaysian dollars (about \$3.7 million).

Currently, the international situation is turbulent and changing fast. Developing nations are facing grim challenges and new opportunities. Both China and Malaysia are facing the heavy task of safeguarding the right to independently develop their economies. The two countries share many common views on major international issues; economically, they can benefit from one another and seek common development. The governments of both countries have a common wish to further strengthen relations.

Observers here hold that consolidating and strengthening Sino-Malaysian relations not only is in line with the interests of the people of the two countries but also will have positive effects on the region's peace and development.

Sub-Saharan Africa

Foreign Minister Qian Qichen Arrives in Mali

OW0901044792 Beijing XINHUA in English
0432 GMT 9 Jan 92

[Text] Bamako, Mali, January 8, (XINHUA)—Chinese Foreign Minister Qian Qichen arrived here today to start a three-day official visit at the invitation of the Malian Government.

Mali is the first leg of Qian's tour of six African countries. The other five nations are Guinea, Senegal, La Cote d'Ivoire, Ghana and Namibia.

At Bamako International Airport, Qian was welcomed by, among other senior government officials, Tieble Drame, minister of foreign affairs and Malians abroad.

Qian told the local press that he was glad to visit Mali, which was one of the first African nations to win independence and to establish diplomatic relations with China, adding that the two countries had had friendly relations and cooperation for over thirty years.

On the situation changes in Mali, Qian said that the country's internal affairs should be determined by its own people, stressing that the changes did not affect Sino-Mali relations.

Meets Delegation, Endorses Cooperation

OW1001103592 Beijing XINHUA in English
0956 GMT 10 Jan 92

[Text] Bamako, Mali, January 9 (XINHUA)—Visiting Chinese Foreign Minister Qian Qichen said here today that China is willing to further develop its cooperation and traditional friendship with Mali.

In his meeting with a Malian delegation led by Bassari Toure, minister of economy and finance, Qian, also state councillor, said that the Chinese Government has always attached great importance to its cooperation and traditional friendship with Mali.

China, he said, will open up new fields and employ new approaches to broaden its cooperation with Mali on the basis of the principles of mutual respect for sovereign and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence.

During the meeting, Tieble Drame, delegate minister (foreign affairs) for Malians abroad, said that both China and Mali belong to the Third World and they have identical view on world issues.

Both sides expressed their satisfaction with the current fruitful cooperation between the two countries.

According to an agreement between China and Mali signed after the meeting, China will soon provide a new loan to the West African country.

Foreign Ministers View Friendship

OW1001113592 Beijing XINHUA in English
1105 GMT 10 Jan 92

[Text] Bamako, January 9 (XINHUA)—Visiting Chinese Foreign Minister Qian Qichen said here today that

Africa should play a more positive role in the present world affairs and it is more necessary to hear the sound from the continent.

During the meeting with Malian Prime Minister Soumana Sacko, Qian, also a state councillor, said that a country's road of development should be determined by its own people. China has always regarded Africa as a true friend, he added.

He said that he has come to Mali, with immense interest, for a visit when Mali has ushered in a new stage of development.

Sacko warmly welcomed Qian's visit. He stressed that Mali shares identical views over many issues with China. He expressed his thanks for China's economic assistance to his country and hoped for closer relations of friendship and cooperation between the two countries.

Political & Social**Tibetan Prisoners Reportedly Beaten in Public**

HK1001015792 Hong Kong SOUTH CHINA MORNING
POST in English 10 Jan 92 p 10

[By Robert Barnett]

[Text] Tibetan prisoners have been beaten and punished in public, according to separate reports from unofficial sources inside the region.

One incident involved a political prisoner who was punched by police during a rally in the town of Gyantse. The other concerned an ex-soldier who was hung by his hands for several hours outside a police station in Shigatse, Tibet's second largest town.

The public rally in Gyantse, 250 kilometres southwest of Lhasa, took place at the beginning of November, near the sport ground of the Gyantse carpet factory.

Penpa Drubgyal, 23, was one of four people paraded in front of the public, each with their hands chained.

An official announced that Penpa was "a separatist and a black social element" and described him as "a spy and enemy", according to a source in Tibet.

The prisoner was dragged backwards and forwards in front of the crowd by two Public Security officers, who are also said to have repeatedly punched his head to keep it lowered.

Penpa Drubgyal, a painter from Gyantse, had been arrested some two weeks earlier, in mid-October, 1991, accused of putting up pro-independence posters in the Gyantse area.

The posters said "Independence for Tibet", "Chinese leave Tibet", and "Tibet for Tibetans", according to unofficial sources.

The incident in Shigatse took place in June 1991, but has not been reported before.

According to a source who was in the town, a Tibetan man was publicly suspended by his hands for approximately four hours after being accused of burning a police motorcycle.

The prisoner, whose name is not known, was tied by his hands to a rope attached to the roof of a building adjoining a Shigatse police station, according to the report.

The prisoner was visible from the road and was left hanging there "to frighten other people in Shigatse", said the source.

The prisoner, a former soldier aged about 30, is believed to have died in custody in September 1991, three months after being publicly suspended.

Article Views CPC Plenum, Personnel Issues

HK0701153092 Hong Kong CHING PAO in Chinese
No 174, 5 Jan 92 pp 34-38

[Article by Wei Tien-yi (5898 1131 6146): "Story Behind Failure To Solve Personnel Issue at Eighth Plenary Session; Deng Says Leftist Interference Also Constitutes Turmoil"]

[Text] The most noteworthy fact relating to the Eighth Plenary Session of the CPC Central Committee was that Deng Xiaoping's basic line of "taking economic construction as the central task" was reaffirmed.

The results of the plenum show that Deng Xiaoping has successfully foiled once again an attempt by conservative forces inside the party to change the basic line from "taking economic construction as the central task" to "taking the struggle against peaceful evolution as the dominant task" by challenging the reformist forces in the second half of 1991 through raising the question of whether the reforms are socialist or capitalist in nature and by naming the "contradiction between the proletariat and the bourgeoisie" as a main contradiction in China at present.

Deng Xiaoping said recently: We should talk more about reform and opening up, take more action to advance reform and opening up, and should not think that the economy can be boosted and developed if we only call for "struggling against peaceful evolution" and question whether we are practicing "socialism" or "capitalism." Some people do not agree with this and they are playing a disruptive role. We should give some warning to them and should not continue to tolerate them if they ignore us. Disruption from the right is turmoil and disruption from the left is also turmoil. We must exert pressure on whoever tries to cause turmoil from either side.

The "Decision" Lacks a Clear Reform Characteristic

The Eighth Plenary Session of the 13th CPC Central Committee concluded quietly in late November as an unexpectedly mediocre meeting. The plenum evaded many major issues, such as the personnel arrangements of the CPC Central leadership, the appointment of senior leaders' children to central leading posts, the final conclusion of the Zhao Ziyang case, measures against "peaceful evolution," the approach to the situation in the Soviet Union and Eastern Europe, and so on. According to Deng Xiaoping's opinion that "issues that cannot be handled with assurance can be laid aside for the moment so that energy can be concentrated on solving issues on which a consensus of opinion can be reached more easily," the plenum adopted a resolution on the rural issue and decided to postpone the 14th CPC Congress, which was originally scheduled for next September, to late November next year.

The "CPC Central Committee's Decision on Further Strengthening Agriculture and Rural Work" adopted by the Eighth Plenum was short of clear-cut characteristics

furthering rural reforms. The "Decision" did not give prominence to the theme of developing the rural commodity economy. Some of the measures for "strengthening" agricultural and the rural economy were just the repetition of established policies (such as stabilizing the household contract system and positively supporting the development of township and town enterprises), which could not be changed, while others were new policies for bringing the rural economy under a new control framework, which includes the double-tiered management system that combines household operations with collective undertakings, the growth of the collective economy, the construction of water conservancy and irrigation works, and the strengthening of socialist spiritual civilization and party branches in the countryside. The new policies may not play any effective role in solving the pressing problems of the moment in the countryside.

At present, rural problems in mainland China include heavy burdens imposed on the peasantry, the high costs of grain production, narrow market demand, the unreasonable structure and system of property rights (over land), the weak dynamism for development, and the growing surplus labor force. The policies of the CPC should be aimed at "developing the commodity economy." Such measures as strengthening the construction of water conservancy and irrigation works, building social service institutions, fostering rural markets, narrowing the price differences between grain and cash crops and between agricultural and industrial products, and coordinating the rural and urban markets should all be arranged in accordance with the guideline of "developing the commodity economy." Only thus can the rural economy be prevented from being drawn back to the old structure of "developing the collective economy," which has been proven a failure. Only thus can rural economic development and urban economic structural reform be properly coordinated and promote each other. Precisely on this point, the "Decision" of the Eighth Plenum did not give a clear expression.

Conservative Forces' Attempt Was Foiled

However, the plenum still played a positive role. The most important fact was that the plenum reaffirmed the basic line of "one center (economic construction) and two basic points (the four cardinal principles and the policy of reform and opening up) set forth by Deng Xiaoping 12 years ago. Concretely speaking, first, the plenum did not obviously back away from the correct policies formed since the beginning of rural reform; second, it did not neglect agriculture's important position in the national economy, called for "positively and prudently advancing price reform related to agricultural products," and attached importance to the construction of water conservancy and irrigation works, which had been neglected for a time; third, most importantly, the plenum reiterated that in China "the main contradiction at the present stage is the contradiction between the people's growing needs in their material and cultural lives and the backward condition of social production." This is of positive significance in ensuring that China will continue to

advance along the course of "taking economic construction as the central task." This also showed that Deng Xiaoping had once again successfully foiled an attempt by conservative forces inside the party to change the basic line from "taking economic construction as the central task" to "taking the struggle against peaceful evolution as the dominant task" through challenging the reformist forces in the second half of 1991 by raising the question of whether the reforms are socialist or capitalist in nature and by naming the "contradiction between the proletariat and the bourgeoisie" as the main contradiction in China at present.

Of course, the fact that the Eighth Plenum deliberately dodged a number of important questions also shows that differences inside the CPC top leadership have not been removed, and the confrontation and contention between several political forces were developing and will lead to more intense rivalry around the 14th CPC congress.

Why Was the Eighth Plenum Prolonged Two Days?

There were originally three items on the agenda at the Eighth Plenum: First, discussing a report about preparations for the 14th CPC congress; second, handling personnel adjustments in central leading organs; third, adopting a decision on strengthening agriculture and rural work. The plenum was scheduled for two days. However, it was found at the beginning of the meeting that the first two items of the agenda could not be carried out. Some Central Committee members criticized the unsatisfactory settlement of two major issues mentioned by the report about the preparations of the 14th CPC congress. The two important issues were: First, the corrupt phenomena inside party and in society were getting more and more serious. The central leadership failed to adopt effective measures after the "4 June incident" and still appeared to be very weak and impotent in this regard. Second, over 60 percent of large and medium-sized state-owned enterprises are incurring serious losses. As their equipment is outmoded and their products out-of-date, they had no capital to conduct transformation and could not go bankrupt and lay off workers. Most of these large and medium-sized enterprises were set up on the basis of accumulation derived from the arbitrary exploitation of the peasants, and they represent a major economic waste caused by the noneconomic behavior of the "planned economy." The only solution to the problems in these enterprises is to go bankrupt or to substantially reform their ownership by breaking their assets into many shares so that they can be held by different owners in society through the capital market. However, it is very hard for most of the current CPC leaders to decide to take this step as they are still tightly confined to their ideological commitments. The 12 measures adopted by the CPC central work conference for solving problems in large and medium-sized enterprises were basically ineffective. Therefore, some Central Committee members asked the central leadership to adopt new measures and make an explanation to the whole party at the 14th CPC congress. The work report about the preparations for the 14th CPC congress mentioned

the above two issues, but the contents were not satisfactory. So this item was laid aside as "not yet being ripe," after the plenum had been in session for two days.

Differences Occurred When Personnel Arrangements Were Discussed

On the third day, the plenum began to discuss the personnel arrangements of central leading organs. The Central Committee members did not raise objections to the appointment of Zou Jiahua and Zhu Rongji to the Political Bureau, but many people did not support the appointment of Yang Baibing to the Political Bureau and a plan to elect more than 10 senior leaders' children, including the children of such "PRC founding fathers" as Chen Yun, Peng Zhen, Bo Yibo, and Wang Zhen, into the Central Committee. After a long and awkward silence at the meeting, Song Ping, a member of the Political Bureau Standing Committee, came out to explain the "great significance" to the audience, saying that "this is a requirement for preventing peaceful evolution. The negative experiences in the Soviet Union and Eastern Europe show that the selection of successors is a key issue. In particular, after the '4 June incident,' some democracy movement activists and young students pinned their hopes for a comeback of liberalization on their age advantage. We must not take it lightly. The children of some veteran revolutionaries have long been nurtured in the revolutionary tradition, and they have also exerted themselves to progress and have held leading posts at various levels. Facts prove that they have work ability and are fully competent to hold higher leading posts. This is an arrangement of vital and lasting importance. So you should all express your clear attitude toward this arrangement." Song Ping's guiding advice also could not influence the Central Committee members. Some people said tactfully: The serious turmoil during the "4 June incident" was caused mainly because some people "spread rumors against our party," saying that the children of our senior cadres enjoyed this or that privilege. Now, if we discuss their promotion, will this evoke social unrest again, and will this affect people's concentration on economic construction? This opinion was accepted by most Central Committee members and the motion could only be shelved.

In the remaining two days of the Eighth Plenum a draft of a lengthy decision on "Further Strengthening Agriculture and Rural Work" was read and discussed. Then, Jiang Zemin made a concluding speech and the plenum came to an end. After the plenum, a Central Committee member told me: The current party central leading group is a body without soul and General Secretary Jiang Zemin is now still working cautiously and meticulously. At present, so many major contradictions and problems exist inside the party. I am worried that the central leading body may not be able to deal with such problems when they must be solved.

This Year's Political Weather May Turn Warm

In Beijing, people felt that the political weather on the mainland may turn warm in 1992, and there will be a

strong atmosphere of reform and opening up. Such feelings may come from the State Council's recent announcement that "the extraordinary measures of the three-year economic adjustment have basically fulfilled their historical mission and economic construction and reform and opening up in the whole country will enter a normal development stage next year; the pace of reform will be quickened," as well as State Council Premier Li Peng's visits to stock markets in Shanghai and Shenzhen and his open support for the expansion of the experiments. Apart from these open signs, people also gained an optimistic view for the situation in 1992 from Deng Xiaoping's clear-cut attitude toward and resolute handling of some major issues inside the party.

Deployments Made by Conservative Forces in Four Aspects

After the 19 August Soviet coup d'etat failed, the tussle between the two political forces inside the CPC became more intense. In the eyes of conservative forces in the CPC top leadership, the failure of the coup d'etat in the Soviet Union was a major setback of the socialist camp and also showed that in a socialist country, "reform" cannot be taken as the banner for social stability and progress. Instead, it is necessary to constantly carry out class struggle, strengthen the functions of the proletarian dictatorship, consolidate the planned economy based on public ownership, and the fruits of the victory of socialism in the political and economic fields. The "tragedy" in the Soviet Union and Eastern Europe, in which socialism was renounced, mainly occurred because they did not properly handle these issues and gave opportunities to dissidents inside and outside the party to topple the socialist system by using the slogan of reform. Therefore, China must draw a lesson and should ask "whether measures for reform and opening up are socialist or capitalist in nature. It is incorrect to take the development of the productive forces as the main task and objective of socialism and to take economic construction as the central task. In a socialist country, if the strength of the state is not used to defend the nature of the political system and power of the proletariat and the working people, production will not be able to increase, and even if production is increased, the people will still gain no benefits at all. Therefore, the main task of socialism is to oppose the political attempt of the bourgeoisie to effect peaceful evolution." According to the above-mentioned political evaluation, the conservative forces maneuvered in fields that they could not completely control: First, handle more sternly and punish people and things related to the "4 June incident," and, in particular, show no leniency to people who "committed the mistake of following the liberalization trend" in some key institutions. Second, produce more quickly films, television dramas, and literary and art works that positively portray the crackdown of 4 June 1989; do not play down and attenuate people's impressions about the incident; and let the masses know about the seriousness of "peaceful evolution." Third, conduct "antipeaceful evolution" education among the entire people, pay special attention to people who use academic language to

advocate the viewpoint of "economic liberalization and privatization," and maintain vigilance against the "potential privatization tendency" in experiments in the joint-stock company system and in the reform of the property rights system. Fourth, immediately select reliable successors for key leading posts and ensure that power is really held by "Marxists," "preventing people like Gorbachev and Yeltsin" from holding and seizing power, and give priority to the promotion of the children of revolutionaries of the older generation. Song Ping quoted Central Advisory Commission Chairman Chen Yun as saying that "these children will not go so far as to destroy their fathers' tombs."

A Senior Leader Said That Deng Is Following Pragmatism

The thoughts, remarks, and political actions of the conservative forces inside the CPC have definitely caused serious obstruction to the undertaking of reform and opening up initiated by Deng Xiaoping. Since August 1991, supported by Chen Yun and masterminded by Deng Liqun behind the scenes, the CPC Central Propaganda Department and RENMIN RIBAO have launched a criticism campaign against three articles published by Shanghai's JIEFANG RIBAO which advocated further reform and opening up according to the opinions of Deng Xiaoping and Yang Shangkun. In particular, the article "Can't One Ask Whether Reform and Opening Up Are Socialist or Capitalist in Nature?" carried by DANGDAI SICHAO, with Deng Liqun as chief editor, and a RENMIN RIBAO editorial, "Building a Great Wall of Steel for Resisting Peaceful Evolution," were the most strongly worded. Corresponding to this, the Central Propaganda Department sent Wang Renzhi to the high-level party school to run an "anti-peaceful evolution" study class for high-ranking cadres. After that, RENMIN RIBAO Director Gao Di secretly went to Shanghai twice to find out behind the scenes who masterminded the three articles published by JIEFANG RIBAO. Gao Di then told Hu Qiaomu: "Zhu Rongji has openly admitted his responsibility for the three articles, but there must be someone else behind him. Is it necessary to further trace the behind-the-scenes string-puller?" Hu Qiaomu then asked Deng Liqun to ask a senior leader for instructions. Deng Liqun relayed the opinion of that senior leader to Hu Qiaomu: There should be no wonder about such events. Deng Xiaoping has never been a Marxist. He lays more stress on pragmatism. He did do some good things, but he has also blundered on many things and has led the party and the state to a dangerous situation. The crucial point is pragmatism, which finds expression in his "white cat, black cat" theory. This should be gradually made clear to the whole nation, but it is also necessary to be careful and tactful in order to prevent confusion. The idea of this senior leader was soon expressed by the magazines and newspapers controlled by Deng Liqun and Gao Di. An ominous shadow was then cast over the work of developing Shanghai's Pudong District as well as reform and opening up throughout the entire country. Arranged by

Gao Di, RENMIN RIBAO talked a lot about whether reform and opening up were socialist or capitalist in nature in one of its editorials. RENMIN RIBAO OVERSEAS EDITION even quoted out of context Jiang Zemin's speech at the rally to mark the 110th anniversary of Lu Xun's birth and gave prominence to the passage about struggling against peaceful evolution. Such consecutive attacks eventually aroused Deng Xiaoping's attention.

Deng Xiaoping Was Rather Sober-Headed This Time

A source close to the CPC top leadership said that the current situation the CPC is facing is quite similar to the situation when the CPC held its eighth national congress in 1956. At that time, Deng Xiaoping, then CPC general secretary, announced that "the main contradiction in China is the contradiction between the people's growing needs in their material and cultural lives and the backward condition of social productive forces," and made a correct assessment of China's situation. However, the "Hungarian incident" broke out, and the Soviet Union took the lead in intervention. The CPC then renounced its correct assessment of the situation and went all out to carry out class struggle and exaggerate the scope of the "antirightist" struggle, thus causing stagnancy and chaos for several decades and drawing the nation into poverty. Today, the CPC has resumed the correct judgment it made at its eighth national congress by focusing its work on economic construction. However, the "August 19th incident" in the Soviet Union occurred and the conservative forces inside the party took this opportunity to launch attacks by mentioning class struggle again and the issue of "who defeats whom between the proletariat and the bourgeoisie." The CPC is once again facing a stern test of whether it will renounce or uphold the correct guideline of "taking economic construction as the central task." However, this time, Deng Xiaoping was rather sober-headed, and he made a statement that set people's minds at rest.

Deng Xiaoping Blames the Leftists for Ignoring His Hints

Deng Xiaoping recently told Yang Shangkun: After the "August 19th incident" in the Soviet Union, some people in China and inside our party could not sit still any longer. There were reactions from both left and right, but the reactions from the left seemed to be stronger. Some people ignored our hints and my advice. Did they listen to you? In the past, we entered into prolonged controversy with the Soviet Union, but we went too far in "opposing the Soviet Union and preventing revisionism." We should learn a lesson from our own experience. However, some people later became extremely enthusiastic for restoring party-to-party relations (CHING PAO's note: This refers to the position and attitude of Chen Yun and Deng Liqun a few years ago). According to them, there is only one type of socialism, and we should not give consideration to the Chinese characteristics. Then, problems gradually arose in the Soviet Union. They again lost patience and thought

that China should still resume the old practice of "opposing the Soviet Union and preventing revisionism," get rid of the "capitalist roaders" inside the party, take class struggle as the key link, and close the door to pursue national isolation. Will this bring a bright future to socialism? No major trouble has occurred in China. Even though there was trouble, China could still stand firm. The key lay in the fact that we had carried out reform and opened up and had been persistently taking economic construction as the central task. This brought real benefits to the people. Only thus could socialism hold. It is necessary to carry out struggle in order to practice socialism, but it is also necessary to conduct education, and it is more important to boost the economy. When we reach the level of an intermediate developed nation, most people who are opposed to us will admit that they are wrong.

Deng Says That Disruption From the Left Is Also Turmoil

Deng Xiaoping also said: Positive results were indeed achieved in the economic rectification and adjustment of the past three years and such a three-year adjustment is enough. Now, we should sum up the experience and more boldly and quickly advance reform and opening up next year (namely, in 1992). Now, it seems that without reform and opening up, some problems can absolutely not be solved. The old measures used for economic rectification and adjustment cannot solve those problems. We should admit that we have lost some opportunities. We should talk more about reform and opening up and take more action to advance reform and opening up. Merely calling for "struggle against peaceful evolution" and questioning whether something is socialist or capitalist in nature cannot boost the economy. Only by carrying out reform and opening up can we succeed in carrying forward socialism in China. Some people do not agree with this, and they are playing a disrupting role. We should give them some warnings and should not continue to tolerate them if they ignore us. The disruption from the right is turmoil, and the disruption from the left is also turmoil. We must exert pressure on whoever tries to cause turmoil from either side.

Jiang Zemin Became Tougher and Li Peng Changed Attitude

Deng Xiaoping's remarks were conveyed by Yang Shangkun to other high-ranking CPC leaders and part of Deng's idea was publicly expressed by Yang in his speech at the rally to commemorate the anniversary of the 1911 Revolution. This played a great deterrent role against the conservative forces inside the party. Jiang Zemin seemed to become tougher. At the central work conference in September 1991, Jiang Zemin openly criticized the Central Propaganda Department and RENMIN RIBAO controlled by Deng Liqun, Gao Di, and their company by name for the first time for "not comprehensively and accurately propagating the basic line." He pointed out "the image of the party central leading collective cannot be portrayed by the propaganda machine as being merely

keen to struggle against peaceful evolution. We are still a leading collective upholding reform and opening up." Since November, newspapers and magazines controlled by Deng Liqun and his company no longer dared to use such words as "whether they are socialist or capitalist in nature" and gave more publicity to reform and opening up. At the same time, Qiao Shi, a member of the Political Bureau Standing Committee who used to speak prudently, also dared to utter such remarks when inspecting Hainan: After going to the special economic zones, I found great changes there and felt more deeply that we are right to take the road of reform and opening up. Some people said that China should concentrate mainly on "ferreting out capitalist roaders inside the party." If we did that, would there have been such great changes in China? His clear-cut attitude shows that he was supported by some powerful figures behind the scenes.

Another interesting phenomenon was that Li Peng recently indicated on many occasions that it is necessary to greatly advance reform and opening up. Not long ago, he said in Guangzhou: Comrade Xiaoping made two major contributions to our party and our state. First, he put forth the policy of reform and opening up. Second, he correctly appraised Mao Zedong. Deng Xiaoping appreciated what Li Peng said by saying that Li Peng was right in saying this. People thought that Li Peng's change was directly related to Deng Xiaoping's recent expression of his clear-cut and firm attitude.

It Is Rumored That The CPC Central Propaganda Department Will Be Reorganized

A noticeable new development is that the call for reform is getting louder. It is now rumored that the CPC top leadership has decided to reorganize the Central Propaganda Department by dismissing Wang Renzhi from the directorship of the department and replacing him with Chen Zhili, a female deputy secretary of the Shanghai Municipal CPC Committee. Wang Renzhi is a major mover in the Deng Liqun camp. In the last three years, he has spared no effort to participate in and organize struggles against "liberalization" and "peaceful evolution." If he is really replaced, the main reason may lie in the fact that Jiang Zemin and Li Ruihuan will no longer allow Deng Liqun and his company to continue to control the means of propaganda and the opinion media and will decide to take such a step. The more interesting fact is that one of those who come out to oust Wang Renzhi is Xu Weicheng, another major figure in the same camp. Does Xu Weicheng's behavior indicate that he is going to change his stance and follow the trend? Of course, Wang Renzhi still has his backers. People will still need to wait and see whether he is really fired.

Many signs show that there is certain chaos in the conservative camp inside the CPC, and the call for reform and opening is warming up. However, the "old commanders" of the conservative forces inside the CPC remain untouched. It is still hard to predict what concrete catchwords and goals will be written on the banner of reform and opening up and whether the reformist

forces inside the CPC still have the political dynamism to push forward reform and opening up. There remain many unpredictable variables and future developments will be determined by another round of tussles.

Wang Zhen Curses Deng Xiaoping at Fetes

HK0301044392 Hong Kong CHENG MING in Chinese
No 171, 1 Jan 92 pp 20-21

[Article by Yueh Shan (1471 1472): "Wang Zhen Takes Advantage of Winning To Curse Deng Xiaoping"]

[Text] Wang Zhen, who carried a red-tasselled spear to join the Communist revolution in Liuyang, Hunan, 68 years ago, is still determined to "carry the revolution through to the end." Recently, he has been extraordinarily active and enthusiastic.

Calling for Fighting War Against United States

Before and after the eighth plenary session held by the CPC Central Committee in late 1991, Wang Zhen was very busy. He frequently invited guests to dinner, and uttered "revolutionary proud words" at the dinner table. He also took these opportunities to express his grievances and sometimes even cursed violently.

On 4 November, Wang Zhen invited more than 30 Central Advisory Commission members and retired generals to dinner in Diaoyutao National Guesthouse. When talking about Sino-U.S. relations, Wang Zhen flew into a rage: "Bush is now closing in on us step by step. I cannot submit to such humiliation! We are not the Soviet Union. We have never begged the United States for even a single buck or a catty of flour. American society is in fact in a mess, and their economy is also in trouble. They could only count on the war against Iraq to boost their own status. China is not Iraq. In the 1950's, we fought the U.S. troops in Korea; in the 1970's, we again fought the U.S. troops in Vietnam. We have the experience of dealing with the Americans on the battlefield. They are nothing terrible. They are only a paper tiger that can only bully the weak." When mentioning war, Wang Zhen became more excited: "The United States is not the only power that can fight in the world. It is better to fight a big war. I will see Marx, Lenin, and Chairman Mao after the war ends. The war theater can be selected by the Americans. They may fight in Korea or Taiwan. They have nuclear weapons; so have we. They have the Seventh Fleet or the Pacific Fleet, but we also have our missiles and nuclear submarines. If they ignite the flames of war in PRC territory, then we will attack their White House. If there is a war, then it is better to fight on a large scale. We can reconstruct our country after the war." It seemed that this old warlord felt rather relaxed when talking about war and calling for fighting a big war against the United States. He might not bother to think who would die in the war and what damages and consequences the war will cause. He was indeed muddled with "leftism."

After cursing "U.S. imperialism," Wang Zhen was still full of zest and continued to curse "Soviet revisionism." He said: "Gorbachev is a traitor, a running dog of imperialism. He will never come to a good end. Today, he betrays Lenin and topples Lenin's statue; tomorrow, he will be expunged by the Soviet people."

Attacking Reform and Opening Up

On 23 November, Wang Zhen again invited some old comrades-in-arms attending the Eighth Plenum of the Central Committee to dinner in Diaoyutai. At the dinner table, he pretended to be drunk and gave vent to his grievances. He said: "From our personal feelings, we all respect Comrade Xiaoping and also trust him; but from the party spirit position and the position of proletarian revolution, I, Wang Zhen, and some other old comrades do not agree with what Comrade Xiaoping advocated. At present, many things are in fact capitalist in nature. Does this mean that socialism is not effective anymore? I do not understand. Marxism-Leninism-Mao Zedong Thought is not out-of-date. The Soviet Union is reduced to its current situation, because its decline began when Marxism-Leninism was renounced. When I went to the special economic zones in Guangdong, I found that although beautiful houses have been built, the appearance of society and the people's mentality are full of dirty and filthy things. Cadres there do not study works by Marx, Lenin, and Chairman Mao and do not conduct political studies. They are only concerned about economic affairs and only care about making money. Does the Communist Party's leadership still exist there? Does the Communist Party there still want to carry out revolution? You know, Taiwan has not been liberated yet, and the imperialists are still trying to subvert us, to interfere in our affairs, and to throttle us!"

Blaming Deng Xiaoping for Neglecting Political Struggle

On 2 December, Wang Zhen invited Deng Lique, Wang Renzhi, He Jingzhi, and Xu Weicheng, who are all "leftist" officials in the cultural field, to dinner at the Beijing Hotel. Hu Qiaomu was also invited, but he was absent because he had another engagement. Wang Zhen again made a harangue at the dinner table: "Old Deng (Deng Lique) and Old Hu (Hu Qiaomu) are two most outstanding writers of our party. You are the valuable wealth of the party. You should all bring your role into full play in disseminating Marxism-Leninism-Mao Zedong Thought so we can firmly control the superstructure. We should continuously launch offensives against the bourgeoisie. We must hold the initiative and must not act passively. In 1986 and 1989, we suffered losses because we failed to hold the initiative. A small handful of reactionaries at home and abroad will never voluntarily step down from the historical stage. Their nature determines that they will certainly make trouble and carry out sabotage. We have told Comrade Xiaoping that it is necessary to carry out reform, but we must not neglect class struggle and the struggle against the enemy. On this issue, there are differences between us and

Comrade Xiaoping. Comrade Xiaoping did not attach sufficient importance to the struggle against various thoughts antagonistic to Marxism-Leninism-Mao Zedong Thought inside the party." Boosting Morale of "Leftist" Officials [subhead]

At the dinner table, Wang Zhen continued to boost the morale of leftist officials: "You should not have any misgivings. The party's propaganda means should certainly speak for the party and the people. How can they become the mouthpiece of those who advocate bourgeois liberalization? We should not be afraid of being criticized or being isolated. I will resolutely back you. You should dare to attack those poisonous weeds and to oppose people and things that challenge Marxism-Leninism-Mao Zedong Thought." Deng Xiaoping Asked Wang Zhen To "Carefully Consider Everything" [subhead]

After listening to Wang Zhen's harangue, Deng Ligu said in an enigmatic manner: "Under the present atmosphere, those who lead the theoretical work and the party's propaganda front are people who do not understand Marxism-Leninism. I think we need to patiently see whether this is something that 'brings order out of chaos' or something that 'brings about chaos by disrupting the order.' Obviously, Deng Ligu referred to Li Ruihuan when he mentioned people who 'do not understand Marxism-Leninism.'"

After Wang Zhen's remarks were reported to Zhongnanhai, Deng Xiaoping and some Political Bureau members were quite annoyed. Yang Shangkun and Bo Yibo were enjoined to advise Wang Zhen: "Many people in the outside are criticizing you. It is hoped that you will pay more attention to political influence when you speak and will keep your remarks in line with the party center's resolutions, principles, and policies." Then, Bo Yibo relayed Deng Xiaoping's opinion: "Old Wang, you like to take care of many things and like to represent many other people in expressing opinions. Such a practice is not beneficial to the party's cause. It is hoped that you will carefully consider everything before you act. This is my opinion."

Book on Deng's Administrative Concept Published

HK0301045392 Beijing RENMIN RIBAO in Chinese
25 Dec 91 p 1

[By Guo Baoping (6753 1405 1627): "Study of Deng Xiaoping's Ideas on Administration and Management Published"]

[Text] *Study of Deng Xiaoping's Ideas on Administration and Management*, a compilation organized by the China Administration and Management Association and edited by Zhang Wenshou, has been published by the RENMIN RIBAO Publishing House. Comrade Li Peng wrote the forward for the book: "Build the theory of administration and management sciences with Chinese characteristics."

Study of Deng Xiaoping's Ideas on Administration and Management was supported by the Social Sciences Funds during the Seventh Five-Year Plan; it is the first book about the research on leaders' administrative and management ideas carried out by our country's academic circles. The book thoroughly sums up Deng Xiaoping's government administration and management ideas and his concepts of building a strong government work system; developing the economic role as the central role in administration and management at the initial stage of socialism; delegating power and arousing enthusiasm in various quarters; facilitating revolutionary organizational reform; selecting able persons according to the "four criteria," [revolutionary, younger, knowledgeable, and professional] and building a scientific personnel management system for cadres; and building a perfect and strict top-to-bottom administrative law and responsibility system.

Qiao Shi Meets Protestant Church Deputies

OW0701085392 Beijing XINHUA in English
0837 GMT 7 Jan 92

[Text] Beijing, January 7 (XINHUA)—Qiao Shi, a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), this morning met about 300 deputies attending a national conference of Chinese Protestant churches here.

The seven-day conference ended Monday with a decision to adhere to the "three-self" principle (self-administration, self-support and self-propagation).

Qiao wished the churches more successes in the future.

The conference called on all Chinese Protestants to enhance their patriotic consciousness and take an active part in the work of socialist construction with Chinese characteristics.

In recent years the work of Chinese Protestant churches has been much improved with the implementation of the government's policies regarding religions.

According to the conference, many of the protestants have become model workers at the county, municipality and provincial levels.

In addition, the Chinese Protestant churches have also enhanced exchanges with their foreign counterparts and promoted the understanding.

Meanwhile, the Christian Council of China has become an official member of the World Christian Church Federation.

At the conference, Bishop Ding Guangxun was re-elected chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China and president of the Christian Council of China.

Also attending the meeting were alternate member of the Political Bureau of the CPC Central Committee and head of the united front work department of the CPC Central Committee Ding Guangen, vice chairman of the Standing Committee of the National People's Congress Peng Chong and State Councillor Chen Junsheng.

CPPCC Overseas Chinese Affairs Group Holds Fete
OW0901182392 Beijing XINHUA in English
1520 GMT 9 Jan 92

[Text] Beijing, January 9 (XINHUA)—The Overseas Chinese Affairs Committee of the Chinese People's Political Consultative Conference (CPPCC) held a tea party in the CPPCC auditorium here today to celebrate the new year.

Lu Jiayi, vice-chairman of the CPPCC National Committee and Chairman of the CPPCC Overseas Chinese Affairs Committee, extended New Year greetings and best regards to CPPCC members, public figures, and the people dealing with Overseas Chinese affairs.

Overseas Chinese and their relatives have made great contributions to the country's economic construction during the past year, said Lu Jiayi.

He urged all CPPCC members and returned Overseas Chinese to make greater efforts toward the country's peaceful reunification and political unity and stability in 1992.

Wang Renzhong and Cheng Siyuan, vice chairmen of the CPPCC National Committee, Zhang Guoji, honorary chairman of the All-China Federation of Returned Overseas Chinese, and Huang Dingchen, honorary chairman of the Chinese Zhi Gong Dang, were present at the tea party.

Television To Air KMT-CPC Cooperation Serial
OW0201081592 Beijing XINHUA in English
0747 GMT 2 Jan 92

[Text] Beijing, January 2 (XINHUA)—"Handshake Between Giants", an eight-part TV serial play dramatizing the first cooperation between the Kuomintang (KMT) and the Communist Party of China (CPC), will be shown on Central China Television (CCTV) here tonight.

The play is set against the backdrop of Dr. Sun Yat-sen's cooperation with the then 400-member CPC on the reconstruction of his party, the fight against rebellion with the KMT, and the establishment of Huangpu (Whampoa) Military Academy in Guangzhou.

Two leading figures in the play are Sun Yat-sun, founder of the KMT and leader of the 1911 Revolution that overthrew China's last feudal dynasty; and Li Dazhao, one of the earliest Marxists in China and a founder of the CPC.

The first cooperation between the Kuomintang and the Communist Party of China was between 1924 and 1927, and the second was between 1937 and 1945 in the

struggle against Japanese invaders. Though many literary works have been written about that episode of history, no TV plays have ever been done on it.

"I hope the play will be informative about that crucial period of modern Chinese history, and that it will encourage the reunification of China," said the play's director, Pan Xia.

"Many of today's young people know only bits and pieces about the cooperation between the Kuomintang and the CPC. This play is not a textbook, of course, but it will help viewers learn about that period," the 53-year-old Pan noted.

Completed by the middle of last year, the 1.2 million yuan production involves some two dozen historical figures. Critics commented that the play was true to history with high artistic value, and was a breakthrough in using television to reflect historic truth.

Pan was the director of the 12-part TV serial "Soong Ching Ling and Her Sisters", which won the best TV serial play award in 1990. Soong (1893-1981) was the wife of Dr. Sun Yat-sen and honorary president of China. That award-winning serial was sold to the United States, South Korea, Singapore, Taiwan and Hong Kong.

Military

Army Political Commissar Reportedly To Resign
HK1001015092 Hong Kong SOUTH CHINA MORNING POST in English 10 Jan 92 p 10

[By Willy Wo Lap-lam]

[Text] Army strongman General Yang Baibing will probably relinquish his powerful post of Chief Political Commissar later this year, Chinese sources said yesterday.

However, General Yang, who is the younger brother of President Mr Yang Shangkun, will hold on to his other positions of Secretary-General of the policy-setting Central Military Commission (CMC) and member of the Communist Party Central Committee Secretariat.

The sources said General Yang made known his desire to leave his post as Chief Political Commissar, or head of the Army's General Political Department (GPD), at the secret enlarged meeting of the CMC in the first week of December.

Other personnel issues were also discussed at the conclave, including the retirement of a couple of full generals.

General Yang, 71, will probably relinquish his GPD post immediately after the Central Committee's ninth plenum, scheduled for the summer.

As Chief Political Commissar, General Yang is responsible for implementing one of Beijing's key objectives after the Tiananmen Square massacre: to ensure the Army's "total loyalty" to the Communist Party.

As head of the GPD, General Yang is also responsible for checking on the loyalty of officers being groomed for promotion. He played a key role in the reshuffle of the regional commands in mid-1990.

Military analysts in Beijing said the general's departure from GPD did not necessarily mean that he was on a downhill track.

As CMC Secretary-General, General Yang retains authority over the day-to-day administration of the entire People's Liberation Army (PLA).

However, the analysts said the personnel move reflected efforts by patriarch Mr Deng Xiaoping, who is still the country's foremost military policy maker, to seek a more equitable distribution of power in the PLA.

"Deng is aware of the widespread assumption within both military and civilian circles that the Yang brothers are engaged in empire building," a diplomatic source said.

The source said a more clear-cut indication of the political fortune of the brothers would be whether President Yang would give up his post as CMC first vice-chairman in late 1992—and whether he would be succeeded by his brother.

Mr Yang, 84, is widely expected to step down from both the presidency and the CMC post at the 14th party congress, scheduled for the last quarter of the year.

Analysts said an indication of his forthcoming retirement was that he had decided not to pay a visit to Japan this year.

During the visit to Beijing last summer by then Japanese premier Mr Toshiki Kaifu, it was agreed that President Yang should make a trip to Tokyo.

Both countries decided last week that party General-Secretary Mr Jiang Zemin would visit Japan instead.

Analysts said the successor to General Yang as Chief Political Commissar would probably be a Deng appointee who did not have obvious links with the brothers.

Deng Hongxun at Hainan Double Support Conference

HK3112000991 Haikou Hainan People's Radio Network in Mandarin 1100 GMT 22 Dec 91

[Text] The two-day Second Hainan Provincial Conference on Commending Advanced Double Support [support the Army and provide preferential treatment to families of revolutionary Army men and martyrs, as well as support the government and cherish the people] Units and Individuals concluded in the provincial party committee auditorium yesterday afternoon.

Provincial Governor Liu Jianfeng presided over the closing ceremony.

Among those attending the conference were: Cui Naifu, state minister of civil affairs; Zhou Wenyan, deputy director of the PLA General Political Department; Zeng Qinghong, deputy director of the CPC Central Committee General Office; Li Changan, deputy secretary general of the State Council; Liu Xinzeng, deputy political commissar of the Guangzhou Military Region; Yu Ming, director of the Mass Work Department under the Political Department of the Guangzhou Military Region; as well as our provincial party, government, and military leaders, including Deng Hongxun, Liu Jianfeng, Li Zhimin, Dong Fanyuan, Zheng Zhang, Huang Zongdao, Chen Suhou, Wang Xueping, Zhang Jintao, Gong Pingqiu, Liu Chengbao, Deng Hanmin, Zhao Weize, Liu Weidong, and others.

Vice Governor Chen Suhou read out a decision made jointly by the provincial party committee, government, and military district on conferring honorable titles on a total of 18 advanced double support units, including Qionghai County and the Haikou City Comprehensive Development Zone, and on commending a total of 54 advanced units, including the Southwest Zhongsha Archipelago Administrative Office, as well as 47 advanced individuals, including Xu Guoliang.

The central leaders as well as provincial party, government, and military leaders conferred certificates of merit on the advanced units and individuals.

Cui Naifu, state minister of civil affairs, and Zhou Wenyan, deputy director of the PLA General Political Department, delivered important speeches at the closing ceremony.

Provincial party committee Secretary Deng Hongxun summed up the conference. He said: The provincial party committee and government have decided to further open our province to the outside world, further deepen our provincial reform, and further accelerate our provincial economic development next year. This decision has raised new demands on our provincial work in all fields, including the double support work. We must raise our provincial double support work to a new level.

Deng Hongxun called on all comrades concerned to first and foremost conscientiously implement the spirit of the conference, practically strengthen leadership, and strive to open up new vistas for double support work after this conference. To this end, he noted: First, it is necessary to set off a new provincewide upsurge of double support work and to further push forward two civilizations building and national defense building in the Hainan Special Economic Region; Second, it is necessary to improve classified guidance, comprehensively unfold activities of building model double support cities, counties, and units, continually open up new vistas for the double support work, and add new contents to the double support work; Third, it is necessary to carry out in-depth and extensive mobilization, strengthen examination and supervision, and conscientiously implement the double support work to the grass-roots level.

At yesterday morning's meeting, Liu Jianfeng, provincial governor and provincial double support work leading group chief, made a work report in which he stated: This conference is at once the grandest double support work conference ever held by Hainan since liberation and an important conference in Hainan's double support work history. The conference was mainly devoted to summing up experiences, commending the advanced, and studying and exploring new ways and means for promoting double support work in the Hainan Special Economic Region. Party organizations at all levels must carry out continued and in-depth activities of building model double support units, strive to set off a new upsurge of double support work in the whole society, successfully build model double support units jointly managed by the locally stationed troops and the local people, earnestly implement the double support work to the grass-roots level, make redoubled efforts to publicize model units, strengthen leadership in a down-to-earth manner, and further enhance the double support work standard.

Gong Pingqiu, provincial double support work leading group deputy chief and provincial military district political commissar, called on all units stationed in Hainan to further strengthen propaganda and education, turn the general requirement for supporting the government and cherishing the people into a conscious action on the part of the broad masses of officers and soldiers, persistently do realistic things, seek actual results, make great contributions to building the Hainan Special Economic Region, extensively develop the activities of building model units for supporting the government and cherishing the people, comprehensively implement the work of supporting the government and cherishing the people to the grass-roots level, properly handle and further strengthen relations between the military units and the local areas, between the military units and the local governments, and between the military units and the local people.

In his speech, Liu Xinzeng, deputy political commissar of the Guangzhou Military Region, spoke highly of both the brilliant achievements with glorious revolutionary traditions scored by the Hainan people over the past 23 years and the magnificent feat performed jointly by the Hainan people and the troops stationed in Hainan in building the treasure island and adding a new chapter to the annals of the Hainan Special Economic Region. Liu also called on all the troops stationed in Hainan to make new contributions to Hainan's double support work, development, and construction in the years ahead.

Economic & Agricultural

Foreign Taxes for 1991 To Exceed \$1.3 Million

HK0401071092 Beijing CHINA DAILY in English
4 Jan 92 p 2

[By staff reporter Lao Zhang: "Foreign tax rises by 42% over 1990"]

[Text] China's foreign tax for 1991 is likely to hit more than 7 billion yuan (\$1.3 billion), an official with the State Administration of Taxation disclosed yesterday.

The figure registers a 42 percent rise over the previous year's 4.9 billion yuan (\$924.5 million).

And the country's annual foreign tax earnings are likely to reach 10 billion yuan (\$1.9 billion) within two or three years, predicted the official, who asked not to be identified.

The official attributed the sharp increase in foreign taxes to the gradual improvement of the country's foreign tax systems.

China's foreign income tax law, which became effective in July 1, 1991, reflects the State's policy of opening itself wider to the outside world, of encouraging foreign investment in State-favoured industries through providing investors with preferential tax treatment and of following international norms, the official said.

Due to the country's improving investment climate, foreign investment continued to pour in in 1991.

By the end of June last year, the official said, total foreign-funded ventures approved by the State reached more than 34,000, with a total agreed foreign investment of about \$41.5 billion.

Of the total approved ventures, some 15,000 were already in operation, increasing the country's tax sources, the official said.

However, tax dodging among foreign-funded ventures is still quite serious and the administration will take effective measures to stop those tax evaders in the new year, the official added.

Article Views Means To Revitalize State Firms

HK2512030691 Beijing JINGJI RIBAO in Chinese
7 Dec 91 p 3

["Theoretical Exploration" column by Su Xing [5685 2502]: "Invigoration Is Key to Operating Large, Medium-Sized State Enterprises Well"]

[Text]

I. New Circumstances, New Problems Facing Large, Medium-Sized State Enterprises Since Beginning of Reform, Opening Up

Since the beginning of the reform and opening up, the external environment and internal production and operation mechanism of our large and medium-sized state enterprises have undergone tremendous changes and are now faced with a host of new circumstances and problems.

First, through the reform and opening up of over 10 years, the pattern of public ownership as the main body coexisting with varied economic sectors has come into being. At least in the initial stage of socialism, this pattern should remain stable. These economic sectors are all in

the category of commodity economy linked by the market, therefore they inevitably compete with each other in the market. Marx once said: In the market, commodities are "innate egalitarians" and "in this sense, there is no difference whatsoever between the commodities produced by capitalists and those produced by independent workers or workers' communes or slaves" ("Complete Works of Marx and Engels," Vol. 24, p. 429). All commodities have to gain the upper hand only with better quality and lower prices and beat their rivals through competition. In the past, many commodities were monopolized by state enterprises, as described in the saying "the emperor's daughter has no misgivings about being rejected in a nuptial proposal." Their losses were subsidized by the state. Things are different now. Varied economic sectors coexist and state enterprises have to compete not only with individual and private economies, but with foreign-invested enterprises as well. Under such circumstances, they can only seek survival, develop themselves, and play the mainstay role all in the midst of competition.

Does this change have any positive impact on state enterprises? I think it does, to a great extent. First, competition is pressure for state enterprises to improve their operation and management. Second, state enterprises can absorb the operational and managerial experiences of other economic sectors to offset their own weaknesses. Facts have proved that because of the coexistence of varied economic sectors and intense competition, the production and operation of state enterprises have already experienced pronounced changes.

Second, through the reform and opening up of over 10 years, the pattern of distribution according to work as the main body coexisting with varied other forms of distribution has come into being. This pattern, like that of ownership, must also remain stable for a long time. On the distribution of income, we were reluctant to discard the supply system for a long time. Therefore the system of low pay was maintained in state enterprises. Subsidies formed a big proportion of workers' income, which was regarded as an expression of the superiority of socialism. After the pattern of income distribution changed, things were different. Today, the income of the workers in state enterprises is outstripped not only by that of the workers in foreign-invested enterprises, but also by that of self-employed workers and owners of private enterprises. Yet, even though the self-employed workers and owners of private enterprises have a higher income, they have to risk more and their income is not stable. Therefore, some workers in state enterprises do not necessarily envy them. But the fact that workers in foreign-invested enterprises have higher income has a more direct dampening effect on the enthusiasm of workers in state enterprises. The major difference between socialist enterprises and capitalist enterprises in terms of distribution is to whom the surplus products belong: They belong to the workers themselves in socialist enterprises and to capitalists in capitalist enterprises. The workers find this difficult to understand. They can only see the

difference in income. Why does an unenthusiastic worker in a state enterprise become very enthusiastic after moving to a joint venture? It is mainly due to the fact that the pay is higher there, causing them to fear dismissal. It seems that reform is imperative for the wage system of state enterprises so as to keep up with the development of the commodity economy when varied distribution forms coexist.

Third, through the reform and opening up for over 10 years, tremendous changes have taken place in our economic system and operational mechanism. In the entire national economy, planned economy used to prevail, but now the scope of market regulation is expanding constantly. The main difference between a planned economy and market regulation lies in price. Some comrades engaged in practical work put it this way: "The state taking control means planning; the state letting it go means the market." There is some truth in this definition. Now we have two sets of prices, which in turn give rise to two markets: planned prices (state mandatory prices and recommended prices), forming a planned market, and free prices (market-regulated prices), forming a free market. According to recent statistics, in the national total of social commodity retail volume in 1990, the proportion of prices set by the state dropped from 97 percent in 1978 to 29.7 percent, while the proportion of market-regulated prices increased from 3 percent to 53.1 percent. The remaining 17.2 percent was state-recommended prices. Among prices of agricultural products sold by peasants, taken as a whole, and the ex-factory prices of industrial means of production, the proportion of market-regulated prices also reached 52.2 percent and 36.8 percent, respectively. What is market regulation? Comrade Chen Yun said: "It means no planning, but producing things according to the changes in market supply and demand, thus involving some blind regulation" ("Selected Works of Chen Yun 1956-1985," p. 221). Under such circumstances, state enterprises have to change the production and operational mechanism from concentrating on planning only to concentrating on the market, and readjust prices and product mix according to changing market supply and demand flexibly and in good time. Some foreign scholars believe that in today's market competition, the main tendency is no longer the bigger pushing out the smaller, but the quicker pushing out the slower. If an enterprise is unable to adapt its products to the needs of the market at top speed, it will be unable to gain the upper hand in competition.

Mao Zedong once said: "Any process, be it a natural one or a social one, moves on and develops as a result of its internal contradictions and struggle. Man's cognitive behavior moves on and develops with it" ("Selected Works of Mao Zedong," Vol. 1, p. 294). To operate large and medium-sized enterprises well, it is imperative to align our understanding with the new circumstances and new problems that have arisen since the beginning of the reform and opening up.

II. The Key to Operating Large, Medium-Sized State Enterprises Well Is To Give Them Vitality

Increasing the vitality of enterprises, especially that of large and medium-sized enterprises under ownership by the whole people, is the central link of the entire economic structural reform with the focus on urban areas. How to invigorate enterprises? It is imperative to turn them into enterprises that produce and deal in commodities with autonomy in operation and sole responsibility for profits and losses, and that have the power of accumulation and development by themselves. Though theorists are still divided on this issue, I personally think it is absolutely correct as a guideline for enterprise reform. The reason that many large and medium-sized state enterprises lack vitality is because these requirements have not been implemented.

Let us look at autonomy in operation first. The "Resolution" of the Third Plenary Session of the 12th CPC Central Committee laid down six rights for autonomous production and operation in enterprises. The "Enterprise Law" stipulates 13 rights. According to the reports of some enterprises, some of the stipulations have not been enforced and some have been withdrawn by the competent departments. The present situation is: As the functions and responsibilities of government administration and enterprise management remain unseparated, it is difficult to separate ownership from the right of operation. Because of excessive interference in enterprises by government departments, enterprise autonomy cannot be established. I read in an investigation report that such interference finds expression in the following aspects: 1) Government departments require enterprises to set up administrative organs at corresponding levels, or else they will refuse to upgrade the latter in the state enterprise grading system even when they reach the standards, causing overlapping of organizations and overstaffing; 2) Government departments conduct too many inspections and appraisals of enterprises; 3) The rights that ought to be within the range of the enterprises' autonomy have to be applied for and await approval level by level. If an enterprise lacks autonomy in production and operation, it will lack vitality. Today, all those enterprises that are relatively vigorous are ones that have greater autonomy.

Next, let us look at assuming sole responsibility for profits and losses. This issue is the source of long-standing controversy in economic circles. In my opinion, after the enterprises are given autonomy in production and operation, assuming sole responsibility for profits and losses should naturally be part of the deal. However, to enable enterprises to do so, the supply of funds should be guaranteed. For those producing products under the mandatory plan, the supply of energy and raw materials should be guaranteed. Nowadays, there is no full guarantee for these conditions. The first problem is a serious shortage of circulating funds. In 1990, the proportion of circulating funds owned by budgetary state-run enterprises in the total quota of circulating funds went down from 48.8 percent in 1980 to 12.3 percent. This problem,

plus the distressing "debt chains," have caused many enterprises difficulty in fund circulation. The second problem is shortage of funds for renewal and transformation in enterprises. Under the existing system, the funds for renewal and transformation in enterprises mainly come from the depreciation fund and the fund for expansion of production retained from the profits they make. The depreciation rate in state enterprises is very low, yet they still have to pay the fund for key construction projects of energy and communications as well as the fund for budgetary regulation. Therefore, the money left over for renewal and transformation is negligible. Furthermore, the prices of fixed asset replacement have generally increased in recent years, adding to the difficulty of renewal and transformation. If they want to raise loans from banks, the burden of interest is too heavy for them, so much so that they doubt their ability to repay the debts. The third problem is lack of a guarantee for the supply of energy and raw materials for products produced under the mandatory plan. Some products are under the mandatory plan, but the raw materials are market-regulated (e.g. in the machinery and electrical appliances industry); some raw materials are under the mandatory plan, but the products are market-regulated (e.g. in the textile industry), which means "input at high prices but output at low prices," causing losses to many enterprises. The enterprises ask for "either both ends under mandatory plan or both ends through the market." This is a reasonable request. For socialist enterprises, economic returns are obtained through value-increasing cyclic movement and circulation of funds. If the funds are not in proportion, circulating funds are short, or input and output are not on a par with each other in terms of prices, it will be very difficult for the enterprises to assume sole responsibility for profits and losses. It was to reverse this situation that the recent central work meeting decided to gradually reduce the mandatory plan for large and medium-sized state enterprises, appropriately increase the depreciation rate of enterprises, and continue to replenish the circulating funds of enterprises. Nevertheless, to truly implement this spirit requires painstaking efforts.

Finally, let us look at accumulation and development by enterprises themselves. Letting enterprises develop of their own accord means letting enterprises conduct expanded reproduction through their own resources. A principle of economics tells us: Accumulation is the source of expanded reproduction. Without accumulation, there will be no expanded reproduction. According to the investigation conducted by a relevant department in 193 state enterprises in 14 provinces, autonomous regions, and municipalities, such as Beijing, Tianjin, Shanghai, and Liaoning, the general situation in the distribution of enterprise net income in 1989 was: 81.6 percent handed over to the state in the forms of tax, interest, expenses, and bonds; 10.2 percent paid back to creditors; and actual profit retained by enterprises taking up only 8.2 percent of the net income, down 26.2 percent compared to 1986, with per capita profit registering a

mere 742 yuan. If the reckless apportioning, fundraising, charging, and fining are factored in, the profit retained by enterprises is even less. When the contract system was installed, it was made clear that the state would get the biggest proportion of profit, the enterprise the medium proportion, and the individual the smallest proportion. But the reality is that enterprises are getting the smallest proportion of profit. Because of the scant retained profit, many enterprises are completely incapable of technical transformation or reform of their product mix. Consequently, the equipment is outmoded, technology backward, product mix irrational, and economic efficiency lower. Some enterprises cannot even maintain their simple reproduction, let alone expanded reproduction.

We should be able to see that large and medium-sized state enterprises have their own advantages. Compared with individual economy and private economy, they at least have greater technological strength, more advanced equipment, larger scale, and better reputation. The conditions in some of them are no poorer than those in foreign-invested enterprises. Why are they unable to bring these advantages into play and lagging behind other economic sectors in economic efficiency? The main reason is the problem with the system and operational mechanism and lack of vitality in these enterprises.

III. How To Increase Vitality of Large, Medium-Sized State Enterprises?

In order to invigorate large and medium-sized state enterprises, it is imperative to deepen the economic structural reform in accordance with the requirements of planned commodity economy. The 12 measures and eight suggestions proposed by the central work conference contain the issue of deepening economic structural reform. In my opinion, efforts should be made to grasp the following issues in particular from a long-term point of view.

First, substantiating the enterprises' autonomy in production and operation. Our urban reform started from the expansion of enterprises' autonomy. Divided profits, contracted operation, profit delivery turned into tax payment, and leasing and stock systems are all for the purpose of expanding enterprises' autonomy. To expand the autonomy of state enterprises, it is necessary to separate the functions of government administration from those of enterprise management and make an appropriate distinction between ownership and right of operation. The precondition for this process is public ownership of production means; therefore, this process can be called the self-improvement of public ownership, not privatization. As for the specific mode of production and operation, it is unnecessary to demand uniformity. Nowadays, the overwhelming majority of enterprises are under the contract system of operational responsibility. Some enterprises have just started experimenting with the stock system, and therefore their effort is of an exploratory nature and a process of accumulating experience is necessary. For this reason, I suggest that these

forms be stabilized and gradually perfected on the basis of stability. The reason the Shoudu Iron and Steel Company has made such great achievements is because the progressive contract system has remained unchanged for over 10 years. If there had been many changes, it would not have attained such great achievements. Stability does not mean immutability. Should better forms emerge in practice, they can replace the old. But whichever form is taken, the following principles should be followed consistently: Maintaining the status of public ownership as the main body; contributing to the development of social productive forces.

In separating ownership from the right of operation in state enterprises, there is a question of property rights. The theory concerning property rights originated in the West and emerged with the separation of capital ownership from the right of possession and right of operation. In China, we also need to pay attention to the study of this theory in the reform and opening up and in developing commodity economy. The reasons are: 1) Since varied economic sectors coexist, amalgamation and cooperation are inevitable within an economic sector or between various economic sectors. When state enterprises form groups, and state and collective enterprises, or Chinese and foreign enterprises, are amalgamated or become joint ventures, the problem of property rights must be settled. 2) When government administration is separated from enterprise management in state enterprises and ownership is appropriately separated from the right of operation, the problem of property rights must be settled, whether it concerns contracts, leasing, or the stock system. 3) After enterprises become commodity producers and dealers enjoying autonomy in operation, assume sole responsibility for profits and losses, and seek development on their own accord, such property transfers as merging, auction, selling after being converted into stocks, and bankruptcy clearance will take place, making it imperative to settle the problem of property rights. There are two opinions on property rights in China's economic circles: One holds that property rights equal ownership and are a legal expression of the ownership of production means; the other holds that property rights do not mean ownership, but rather the right of possession and operation, or only the latter. I think the two meanings may coexist. The difference lies in the fact that the first sense applies to the relationship between different ownerships, whereas the second sense applies to public ownership. What we need to clarify now is property rights in the second sense.

Second, pushing forward the reform of the wage system and arousing the enthusiasm of enterprise workers. The principle of wage system reform in state enterprises is conscientious implementation of the principle of distribution according to work and overcoming egalitarianism. In China, the egalitarianism in the internal distribution of enterprises finds expression mainly in two phenomena: One is that wages are not affected by the quantity and quality of the work done, and are paid even to those who do not work at all; the other is that

subsidies, bonuses, and distribution in kind are forming an ever-expanding proportion of the workers' income. In order to implement the principle of distribution according to work and overcome egalitarianism, the choice should be made on the one hand to install a wage system that is conducive to arousing the workers' enthusiasm. In my opinion, the piece rate wage system should be installed in all those enterprises that have competent conditions. There have been ups and downs in understanding and policy concerning the piece rate wage system. Now it seems to be a relatively good wage system. First, pay rises go hand in hand with increases in labor productivity, and the former do not overtake the latter. Second, the piece rate wage system entails more rigorous quota management, which helps to improve the managerial level of enterprises. Third, it is conducive to enhancing the workers' quality. Naturally, however, though the piece rate system is practical in most trades and jobs, there are some in which it is not. Nevertheless, they should be encouraged to install responsibility-related and skill-related wage systems as the main form so as to reflect the principle of more pay for more work through wage disparity. On the other hand, it is necessary to bring the workers' income in kind and in non-wage income into wage income step by step. There are two ways of doing this: One is to convert subsidies into monetary wages through price reform and housing structural reform; the other is to give enterprises autonomy in internal distribution and allow them to bring subsidies, bonuses, and distribution in kind into the workers' wages. In this way, the wage index will be remarkably increased and the disparity between the income of state enterprise workers and that of workers in other economic sectors will gradually reduce. Higher pay gives rise to higher enthusiasm in production among workers; higher enthusiasm in production brings higher labor productivity; and higher labor productivity naturally improves the economic efficiency of the enterprises.

Third, better applying the operational mechanism which integrates planned economy with market regulation. Planned economy mainly means maintaining proportionate development of the national economy through conscious social regulation. As far as the law of social reproduction is concerned, the fund circulation of large and medium-sized state enterprises is a component of the general social fund circulation. Only through proportionate development of the general social funds can the funds of enterprises be replenished in value and material form through the process of circulation. Nowadays, large and medium-sized state enterprises lack vitality. The reason, so far as external conditions are concerned, is that the above-mentioned problem has not been well settled. Stockpiling of products and "debt chains" both have something to do with this. The content of planned economy is proportionate development. As to the specific form of planning, it may differ from country to country or from one period to another within one country. In China today, the objective of the reform of the planning system is to further reduce mandatory

planning and gradually expand guidance planning. Guidance planning is indirect planning under which the enterprises, as commodity producers and dealers enjoying autonomy in operation, assume sole responsibility for profits and losses, seek self-development, can arrange their production and circulation according to market demand so as to invigorate themselves, and meanwhile use such economic levers as prices, interest rates, tax rates, and exchange rates to regulate production and circulation so as to develop the national economy proportionately. The current problem is: Guidance planning has not been truly established, giving rise to the polarization of guidance planning toward mandatory planning on the one hand and market regulation on the other. For this reason, some people suggest abolishing it. But I do not agree. I think we have many successful experiences in this respect (e.g. during the recovery period and the First Five-Year Plan period) which we should conscientiously sum up and apply under new circumstances.

The general tendency is that mandatory planning will continue to shrink (but not be abolished) and the scope of guidance planning and market regulation will expand. This requires state enterprises to face the market. To gain the upper hand in market competition, the controls on all prices, except the prices of the products that must be monopolized by the state, should be lifted. This is because fixed prices do not suit the rapidly changing market. Only by scrapping the controls on prices can enterprises enliven their production and operation, follow the changes in the market closely, readjust product mix, change the varieties of commodities, improve the quality of products, improve services, and regulate profits and losses. Today, prices in other economic sectors are following the market, while the prices of some commodities produced by state enterprises are under tight control. This is not beneficial to competition and creates loopholes that other economic sectors may take advantage of to reap staggering profits. When the controls on prices are lifted, state enterprises will become alive and bring their advantages into full play, just like fish swimming freely in the vast ocean.

Baoshan Iron, Steel Company Makes Profits

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[Text] Shanghai, January 2 (XINHUA)—The Baoshan iron and steel conglomerate has made remarkable achievements since its establishment three years ago.

The Baoshan group has two subcompanies, eight holding companies and 47 related companies, involved in iron and steel, metallurgy, automobile manufacturing, processing, finance and research.

The Baoshan Iron and Steel Company, the core enterprise of the group, has begun specialized production of steel, leaving other aspects of the business such as designation and construction of projects, supplying raw materials, auxiliary work in workshops and personnel

affairs to the member enterprises. And the 31,000 workers of the Baoshan Iron and Steel Company strived produced 6.71 million tons of steel in 1991.

In 1991 the company made 2.3 billion yuan in profits and taxes, and earned 100 million U.S. dollars from exports.

In the past three years the company has provided more than 70,000 tons of rolled steel to the No. 1 Motor Vehicle Plant, the No. 2 Motor Vehicle Plant and the Shanghai Volkswagen Corporation. It has also provided 470,000 tons of rolled steel and 1,100 tons of chemical products to 17 member enterprises of the group.

To meet the demands of the group's member enterprises, the Baoshan Iron and Steel Company has developed nine varieties of rolled steel.

During the 1988-1991 period the company allocated to 26 member financial units of the group 160 million yuan in loans.

Newspaper Calls for Serving Agriculture

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in Chinese 18 Dec 91 p 5

[Article by Yang Yongzhe (2799 7167 0772): "Step Up Serving Agriculture, Deepen Rural Reform"]

[Text] The Eighth Plenary Session of the 13th CPC Central Committee put forth: Stepping up the building of the agricultural socialized services structure is a strategic measure to deepen rural reform and to promote the development of the rural productive forces in the 1990's. In the course of rural reform in the 1980's, our country took the lead in making a breakthrough in and in universally implementing the responsibility system with the system of contracted responsibilities on a household basis with remuneration linked to output as the main aspect. This played a tremendous part in arousing the enthusiasm of hundreds of millions of peasants and in scoring universally eye-catching agricultural achievements. In the 1990's, in deepening reform we shift to stepping up the building of the agricultural socialized services structure and perfecting the service functions at the level of centralized operation of the collective economy; this will pour new vitality into the level of decentralized household operation. The two-tiered system of centralized and decentralized operation has been successfully established and fully brought into play in the rural areas, and this is an important guarantee of our country's agriculture scaling new heights in the 1990's.

1. Further Understand the Development of the Agricultural Socialized Services Structure

It is obvious to all that the development of the agricultural socialized services structure plays a part in resolving the difficulties in decentralized household

operation, perfecting the two-tiered system of the integration of centralized with decentralized operation, strengthening the collective economy, developing commodity production, maintaining close relations between the cadres and the masses, and strengthening the peasants' cohesive power. I feel that we still should further understand several aspects.

First, through strengthening services, we can ensure economies of scale as a whole and enhance the level of the productive forces and the degree of modernization without altering decentralized household operation. Under the conditions of the commodity economy, decentralized household production is an uneconomical act. Some things cannot be done and cannot be done well by a household alone. It is not worthwhile for a household to do them. Its production instruments and technology are backward; its products are made in a decentralized way; batch production and large-scale production cannot be carried out; and comparatively good returns can hardly be yielded. By relying on the services structure; employing advanced production means and advanced science and technology; providing unified good quality services; and socializing all links of production, supply, and marketing, we can resolve all uneconomical acts in decentralized household operation. Furthermore, in the light of the market needs, we can lead household production to develop toward specialized and regional production; set up commodity production bases on a certain scale; and get returns in scale operation. As to the moderate scale operation of land, it can now be carried out in a small number of places where conditions permit. The majority of economically underdeveloped places, whose nonagricultural industries, including township and town enterprises and the tertiary industry, have not developed very quickly and the large number of whose rural labor forces are still engaged in farming, do not have the conditions for the scale operation of land. At the present stage, these places should, through the development of agricultural socialized services, integrate thousands upon thousands of decentralized household operations to develop the large-scale production of specialized commodities and to get returns in scale operations.

Second, through providing peasant households with unified high quality socialized services, we achieve balanced increased production and increased income on large areas; eliminate the differences in returns from operation among peasant households brought about by different quality and conditions; and create a mechanism favorable to fair social distribution and to becoming well-off together. Very great imbalance of technological levels, operative ability, and conditions for production exists among peasant households, and output and income from sales vary fairly greatly from the same arable land, orchards, and fish ponds. This is a problem that can hardly be solved under the condition of decentralized operation. Through the services structure that provides peasant households, whose quality and production conditions are different, we can, with unified high quality services, then enable the peasant households,

whose quality and production conditions are poor, to increase production and to get high returns. Increased production and increased income is tantamount to the universal enhancement of the peasants' operation level and to the tapping of the potential of low-yield and low-efficiency farmland. In this sense, the services structure can play a part in regulating fair rural social distribution and is advantageous to peasants becoming well-off together. Our special attention should be drawn to this.

Third, to develop socialized services, we can accelerate the division of work in the specialized fields in rural areas and promote the development of the tertiary industry. Because the tertiary industry in the rural areas of our country seriously lags behind, there are large surplus labor forces in the course of production, whereas people who provide production with services are seriously insufficient. On the one hand, there are too many people for too few jobs. On the other hand, there are too many jobs for too few people. Such a state is an important factor that restricts our country's agricultural development and the socialization and modernization of agricultural production. According to the relevant data, in the agriculturally developed United States, three persons provide one agricultural producer with preproduction services, nine persons provide him with postproduction services, and the ratio between the producer and the people providing services is 1:12. The foundation of the commodity economy is the division of work in society. In ideology and understanding, we must treat the building of the agricultural socialized services structure as the setting up of a new industry in the rural areas. With the development of the rural commodity economy, the proportion of the labor forces directly engaged in agricultural production in the labor forces will gradually decrease and the labor forces transferred to service work and the other nonagricultural industries will be more and more. It is an inevitable tendency of development that the present abnormal structure of a large number of labor forces remaining on the small area of arable land will be gradually altered. The development of the rural commodity economy shifts the labor forces to the services realm and the shift of the labor forces will further promote economic development. This is a relation of mutual supplement and mutual promotion. We must adroitly guide action according to circumstances, actively adopt corresponding policies and measures, rationally divide work for the labor forces, create new industries, and promote the all-round development of the national economy. This is of profound significance to increasing peasants' income, achieving the objective of becoming well-off, and gradually realizing agricultural modernization.

2. County and Township Economic and Technological Departments Take the Lead in Developing Diversified and Seriation Services

It is the direction and principle of strengthening the agricultural socialized services structure to encourage all places to be bold in exploration and creation in the

course of practice and to make efforts to build a diversified services structure that suits the level of the development of the productive forces of different regions. The contents of services must begin with the item of service that the peasants need most urgently, develop from one single item to many items, and gradually develop to seriation services in the whole process—before, in the course of, and after production. All places throughout the country have created rich and varied good experiences and good methods and we must insist on and unrelentingly perfect and develop them. It is unnecessary to go into details here.

What now merits our attention is that in the development of diversified and seriation services, new things have emerged in all places in the development of the rural commodity economy. These things are an integrated system for the procurement of supplies, production, and marketing as initiated by the relevant economic and technological departments and all categories of processing enterprises of counties and townships and the operation organizations that merge trade, industry, and agriculture into an organic whole and which provide peasants with seriation services. They play a very good role and are deeply welcomed by the peasants. Especially in the places at the village level where the economic force is weak, there is a shortage of talented people and technology, and there are more difficulties in getting services. By doing so we can give full play to the strong points of the talented people and of the technology, capital, and facilities of all departments and organs at the county level. We can vigorously bring along the building of the collective economy organizations' services structure, and the development of the commodity economy and the functions will be extremely noticeable. This is, as it were, a general tendency toward the present development of our country's rural socialized services.

Judging from the experiences of all places, there are generally two methods:

The first method is that many departments, including the agricultural, industrial, and commercial departments of the county and township governments and many kinds of enterprises organize a "chorus" of commodity production. Agriculture, industry, commerce, trade, and different walks of life break their hierarchical relations, and the demarcation line between different ownerships and administrative regional divisions are organically combined to provide the peasants with seriation services in production, the procurement of supplies, and marketing and to carry on operation with trade, industry, and agriculture, merging into an organic whole. The subtlety of this breakthrough lies in combination. Under the present system, this is acceptable to the upper-level leadership organs of all units that participate in combination. This can resolve the difficulties caused by the barriers between higher and lower levels and between different departments or regions, the discrepancy between supply and demand, and the restriction on the development of the commodity economy so that many kinds of departments, the functions of many kinds of

services, and many kinds of service measures can merge into an organic whole, supplement one another with their strong points, form a combined force to develop the commodity economy, and provide the peasants with seriation services before, in the course of, and after production. The previous situation that "each railroad policeman takes care of his section only" no longer exists. This method is suitable to the national conditions of our country. Because our country is large and has limited financial resources, if everyone does things in his own way, makes a fresh start in everything, and spends his money on everything, there is not so much money, and half the result is obtained with twice the effort by the unnecessary repetition of projects. We must, therefore, advocate the experience in "chorus." To establish an inseparable and unbreakable "choir," we must adhere to the principle of mutual benefit. There is a problem of regulating interests in a combination of many departments with production, the procurement of supplies, marketing and trade, industry, and agriculture merging into an organic whole. If some have interests and some have none, those who have no interests will wash their hands of the business, and the choir cannot sing on. In general, the processing enterprises have comparatively high profits while the other links have comparatively low profits and even no profit at all, and regulation is needed between them. Combines in some places cannot be combined for long. Some part company halfway, and production cannot steadily develop because the problem of regulating profits is not solved well. All parties to the combines must have the idea that to get profits, it is necessary first to make concessions of profits and that those who do not concede profits cannot get profits. If all stress equality and mutual benefit, the combines will have a "cohesive agent," can be stable long, and are full of vitality. This "cohesive agent" is needed to regulate the relations of profits, ensure mutual benefit among the members of the "choir", and promote development together. Meanwhile, the county and township governments must change the leadership method and solve the problems of choosing a conductor suitable to leadership over a chorus. In the past, those who were assigned to take charge of production were in charge of production, those who were assigned to take charge of funds were in charge of funds, those who were assigned to take charge of materials were in charge of materials, and those who were assigned to take charge of marketing were in charge of marketing—each was in charge of a part of work. Now, in the light of the needs of economic development and according to industries and products, some counties exercise leadership over the commodity economy and establish a new leadership method. For instance, some counties have set up grain, cotton, vegetable, livestock, and fruit specialized leadership groups, with a person in charge at the county level as the head and persons in charge of the relevant departments as the members. Each member of the groups is in charge of one industry. He is in charge of both production and circulation, exercises all-round leadership, and provides all-round services. With the establishment of the specialized leadership groups, not only the leadership structure that meets the

needs of commodity production is established and the functions of directing services are strengthened, but also conflicts among departments can be avoided better, the relations between departments or regions can be straightened up, and operation with trade, industry, and agriculture merging into an organic whole can be promoted. To push development in this aspect of work, we should advocate that departments and units, including state-owned commercial enterprises, foreign trade enterprises, supply and marketing cooperatives, agricultural products processing enterprises, agricultural (livestock, aquatic products) science and technology popularizing departments, and township and town enterprises, can take the lead and participate in operations with production and marketing merging into an organic whole, where conditions permit. The agricultural products, except for those operated by the state in a unified way or ordered by the state, can be operated through production and marketing, merging into an organic whole so that the production areas keep ties with the marketing areas, production is based on sales prospects, contracts are signed, and stable relations between supply and demand are established.

The second method is that the relevant economic departments of the counties and townships change their functions and independently or jointly provide agriculture with varied socialized services, gradually build themselves into economic entities, become self-sufficient, reduce financial burdens, and when conditions are mature, they are separated from the series of administrative organs, are transformed into enterprises, become "small governments providing big services," and break a new path for reform for the organs of the county and township governments.

The common feature of the foregoing two methods is that the county and township economic and technological departments take the lead in developing agricultural socialized services and the contents of different forms of services develop toward seriation. Their important significance and functions are: With the county and township economic and technological departments shifting to the development of services, a large number of talented people in the organs can go to the forefront of production. This can both resolve the difficulties in the shortage of talented people and technology in grass-roots units, find ample scope for the abilities of the organ cadres, and change the phenomenon in which rural areas have work that nobody does and in which there is no work for people in organs; the county and township economic and technological departments take the lead in developing services, and this can bring along the development of the grass-roots services organizations so that those scattered services organizations can, under the principles of voluntary participation and mutual benefit, coordinate organically with one another and form very quickly a services network linking counties, townships, and villages; the county and township economic and technological departments change their functions, set up services entities, gradually ensure self-sufficiency, and create

extremely favorable conditions for curtailing the administrative establishment, reducing financial burdens and pushing forward reform of organs at the county level.

3. Regard Serving the Marketing of Agricultural Products as the Breakthrough Point of Current Agricultural Socialized Services

Bumper agricultural harvest has been reaped and the commodity rate of agricultural and sideline products has been unremittingly raised for the past several consecutive years. This has made important contributions toward satisfying market supplies, enriching the people's livelihood, promoting the development of the national economy, stabilizing the overall situation of society, and creating conditions for further reform and opening up. What ensues is that impeded circulation and difficulties in selling not only give rise to peasants' increase in production without an increase in their income and an effect on their reproduction, but also results in a drop in rural purchasing power and in slack sales of a large quantity of industrial products and effects the development of the industry and even the national economy as a whole. It is, therefore, the urgent demand of hundreds of millions of peasants and an important task faced by the agricultural socialized services structure to enliven circulation, to resolve difficulties in sales, and to increase income.

We cannot work only in the circulation sphere in order to resolve the difficulties in serving the sales of agricultural products. We must first gear production to the demands of circulation, ensure that commodities are marketable, and meet the needs of the market and consumers. This is an important change that should inevitably be made in the transition from the natural economy and product economy to the commodity economy in agriculture. In the past, the peasants carried on production for the sake of their livelihood, but now they carry on production for the sake of sales. This requires the peasants and services organizations to establish an idea of the commodity economy. With such a concept, they can consciously gear production to the demands of the market and embark on services. The living standard of the people of our country is passing from the solution of the problems of food and clothing onto the solution of the problems of becoming well-off. On the foundation of having sufficient food, people want to have good food, have a big choice of and make a high demand on the variety and quality of agricultural products. For example, the amount of grain directly consumed gradually drops while the amount of products in demand that are transformed from grain—meat, poultry, eggs, milk, and fish—gradually increases; the amount of popular vegetables in demand, like Chinese cabbage and radishes, gradually decreases, whereas the amount of fresh vegetables, high-grade vegetables, unseasonable vegetables, and foreign melons and fruits in demand gradually increases; even the prices of agricultural products of superior quality are a bit higher; they are still required by people while products of inferior quality are very unmarketable even if their prices are low. We must also see that the family structure

gradually becomes small, many husbands and wives both work, the rhythm of their life quickens, and the demands on processed articles, including clean vegetables, clean rice, all kinds of cooked food, sliced meat, and small packs, gradually become greater. These changes in consumer wants show that in agricultural socialized services, it is necessary to help peasants make products of superior quality, transform grain to products, and process all kinds of products so as to make products marketable and do well in serving marketing. The present problems of difficulties in selling and impeded circulation are indeed the major problems, but it is one of the reasons that agricultural products do not completely meet the market needs. In serving the marketing of agricultural products, we must proceed from production. Production must change according to the market needs, alter our traditional practice of farming and sales, and ensure that we cultivate, breed, and process what the consumers need. We must stress not only quantity but also variety, quality, and beneficial results. The agricultural socialized services structure must provide the peasants with all kinds of good services, centered on these new changes and new demands.

After solving the problem of serving production with the market as the target, we must also solve the problem of how to pass the commodities from peasants' hands to the market. After the rural areas of our country implemented the responsibility system with the system of contracted responsibilities on the household basis with remuneration linked to output as the main aspect, as the principal bodies of commodity production are decentralized, there are contradictions between small-scale production and the large socialized market. Peasants carry on production and sales by themselves and this is only suitable to those miscellaneous commodities that are produced separately and in small quantities and consumed locally. The marketing of those transregional commodities that are produced in enormous quantities is to be undertaken by economic entities that specially carry on marketing service and by commodity producers that carry on separate operations, and is to be integrated with the large socialist market. This is an important task that should be undertaken by the agricultural socialized services structure. The state and the relevant departments must step up building the agricultural products market structure with the wholesale market as the center; on the premise that the role of the main state cooperative commercial channel is fully brought into play, the collectives, peasants, and all kinds of marketing service organizations are encouraged to enliven circulation in many forms and to develop circulation service with many channels and few links; meanwhile, administrative and legal measures are taken to remove regional blockades and barriers indiscriminately set up and to guarantee unimpeded circulation of goods and the development of a national unified market. Only by doing this work well can we create favorable policies and an environment for the construction of the agricultural socialized services structure and

open up a new situation in agricultural products marketing services. Commodity production presupposes circulation. The more quickly commodities sell, the smoother the process of reproduction will be. As long as we do a good job in marketing services and resolve difficulties in sales, we can achieve unity of production and circulation and promote the further development of the rural commodity economy.

Regulations on Fees Borne by Peasants Reported

OW1312144791 Beijing XINHUA Domestic Service
in Chinese 0747 GMT 12 Dec 91

[Regulations Governing Fees and Labor Services Borne by Peasants]

[Text] Beijing, 12 Dec (XINHUA)—

Chapter I. General Principles

Article 1. These regulations are formulated for the purpose of lightening peasants' burdens; safeguarding peasants' legitimate interests; arousing peasants' enthusiasm for production; and promoting development of the rural economy in a sustained, stable, and coordinated manner.

Article 2. The fees borne by peasants as well as labor service stated in the regulations shall refer to taxes payable by peasants; state procurement quotas for agricultural products to be fulfilled by peasants; the amount to be retained by villages (including villagers groups, the same hereinafter); the amount to be controlled by townships (including towns, the same hereinafter); labor service (compulsory workday units and accumulated workday units in rural areas); and other fees payable in accordance with laws and regulations.

It is the obligations of peasants to pay taxes to the state, to fulfill the state's procurement quotas for agricultural products, and to be responsible for the various fees and services stipulated above. Any other calls on peasants to give financial, material, and labor contributions gratis are illegal and peasants are entitled to reject them.

Article 3. The State Council's administrative department under the Ministry of Agriculture shall be in charge of supervising and managing work related to administering fees to be borne and labor service to be rendered by peasants nationwide (hereinafter called the peasants' burdens). As for those at and above county level, the administrative department administering agriculture under a local government shall be in charge of supervising and managing the peasants' burdens in its administrative area.

A township government shall take charge of the supervision and management of work relating to the peasants' burdens in the township, and the administrative department of a township rural economy shall take care of the daily routine duties.

Article 4. The supervision and management departments handling the peasants' burdens at various levels shall be

responsible for inspecting the implementation of the laws, regulations, and policies concerning the management of the peasants' burdens. Along with the relevant responsible departments, they shall examine and approve all documents relating to the peasants' burdens; shall assist the relevant organs in handling cases relating to the peasants' burdens; and shall train the personnel handling the supervision and management of the peasants' burdens.

Article 5. The state shall encourage and support the development of the rural collective economy as well as promote the construction of socialist material civilization and spiritual civilization in the rural areas by relying mainly on the increased income through collective management.

Chapter II. The Standard and Scope of Application of the Amount To Be Retained by Villages and the Amount To Be Controlled by Townships

Article 6. The amounts to be retained by villages and controlled by townships from the fees payable directly by peasants to a collective economic organization (excluding the profits payable by collective ownership enterprises in rural areas) shall not exceed 5 percent of the peasants' net income from the previous year, and the figures shall be calculated with the township as a unit and in accordance with the statistical report on income distribution of the rural economy formulated by the Ministry of Agriculture and approved by the State Statistical Bureau. The proportionate amounts that may be retained and controlled in respect of economically developed areas shall be duly increased with the approval of the relevant province, autonomous region, and municipality directly under the Central Government.

The maximum amount to be controlled by a township shall be determined by the province, autonomous region, and municipality directly under the central government concerned.

Article 7. The amount to be retained by villages include public reserve funds, public welfare funds, and management fees:

(1) Public reserve funds are to be used for building rural irrigation facilities, afforestation and tree-planting, the procurement of fixed assets for production, and setting up collective enterprises.

(2) Public welfare funds are to be used for ensuring the livelihood of households which enjoy the five guarantees, subsidizing especially poor families, and providing cooperative medical care and other collective welfare.

(3) Management fees are to be used for paying remuneration for village cadres and administrative expenditures.

Remuneration for village cadres includes flat rate allowance and subsidies for the loss of their working time. The specific number of cadres for receiving flat rate allowance and the standard of allowance, as well as methods of subsidizing village cadres for the loss of their working time, will be decided by the township people's government

according to the scale, the level of economic development, and actual need of the village; and will be reported to the county's department in charge of supervising and controlling the peasants' burdens for the record.

Article 8. The amount to be controlled by townships include funds for setting up schools, family planning, special care to disabled servicemen and to family members of revolutionary martyrs and servicemen, militia training, building roads, and other public works at township and village levels.

Township controlled funds may be used for insuring the livelihood of households which enjoy the five guarantees. However, after using township controlled funds for this purpose, funds retained by villages must not be used for the same purpose in a duplicate manner.

Article 9. The funds from the amount controlled by townships for setting up schools at township and village levels (namely supplementary funds for developing education in rural areas) are to be used for setting up schools at township and village levels run by the local people.

The proportion of funds for setting up schools at township and village levels from the amount controlled by the townships will be recommended by the education departments of various provinces, autonomous regions, and municipalities directly under the central authorities and will be examined by departments in charge of supervising and controlling the burden of peasants at the same level. It should be approved by the governments of various provinces, autonomous regions, and municipalities directly under the central authorities and should be reported to agricultural and educational departments of the State Council for the record.

Article 10. Compulsory labor services in rural areas are mainly used for afforestation and tree-planting, preparations against flood, highway construction and maintenance, and repair and construction of school buildings. Based on the standard working day, each rural worker will contribute five to 10 voluntary working days each year.

Special needs of increased voluntary labor services in rural areas for fighting against natural disasters and relief work will be arranged in a unified manner by the local people's governments.

Article 11. Accumulated workday units are mainly to be used for the construction of rural irrigation facilities, afforestation, and tree-planting. Based on standard working day, each rural worker will contribute 10 to 20 accumulated workdays each year. In places with good conditions, the number of accumulated workdays may be increased in an appropriate manner with the approval of people's governments at and above county level.

Chapter III. The Collecting and Management of Amounts Retained by Villages and Controlled by Townships

Article 12. The amount to be retained by villages and controlled by townships are mainly collected from peasants' undertakings and their economic income.

Peasants who sign contracts for the use of farmland will pay fees to be detained by villages and controlled by townships to the collective economic organizations to which they belong according to the acreage of farmland of those contracts or the number in their labor force. Those who operate individual industrial-commercial undertakings or private enterprises should pay fees to be detained by villages and to be controlled by townships after paying tax to the state according to the proportion stipulated by the local authorities where their enterprises are located. The fees are not calculated according to the limit set in Article 6 of these regulations.

Article 13. Families of revolutionary martyrs and soldiers, disabled and demobilized servicemen, and special poverty-stricken households whose income is below the average of their own village shall receive an appropriate deduction or exemption in village retention fees after discussion and evaluation by a congress of members, or a meeting of representatives of members, of the village collective economic organization.

Article 14. Villages assessed as poor by the township people's government may be approved to appropriately reduce their fees to the township. The village collective economic organization should make a request which will be examined by the department of the township in charge of supervising peasants' burdens. The reduction can be made only with the concurrence of the township people's government and the examination and approval of the township people's congress.

Article 15. The compulsory workday units and accumulated workday units in rural areas should be contributed by peasants with actual labor services. Peasants who wish to pay an amount of money in lieu of such labor services should first get approval by the village collective economic organization.

Article 16. The amount to be detained by villages and the amount to be controlled by townships will be calculated and collected on a yearly basis, and will be collected by the village collective economic organization and the township people's government.

Article 17. The calculation of the amount to be detained by villages should be done by the village collective economic organization on the basis of the year-end final accounts of various villages, and the amount should be listed in the budget for the next year. It should be discussed and approved by a congress of members, or a meeting of representatives of members, of the village collective economic organization. It should also be reported to the township people's government for the

record. The approved final accounts and budget of a village should be announced publicly and should accept supervision by the masses.

The villagers committee should supervise the collection of money from peasants and the use of the amount detained by the village.

Article 18. The calculation of the amount to be controlled by townships should be done by the township people's government in coordination with the township collective economic organization on the basis of the year-end final accounts of various townships, and the amount should be listed in the budget for the next year. It should be discussed and approved by the township people's congress and reported to the department of the county in charge of supervising peasants' burdens for the record together with the plan for collecting fees to be retained by various villages of the township. The approved final accounts and budget of a township should be announced publicly and be supervised by the masses.

Article 19. The amount to be controlled by a township belongs to all peasants of the collective economic organization and should be used mainly for local public welfare undertakings. The nature and uses of the amount of collective funds controlled by a township should not be confused or altered.

Article 20. It is essential to enforce strict financial management for the amount to be retained by villages and the amount to be controlled by townships. The collective economic organizations should enforce an internal auditing system on the use of the amount detained by villages and the amount controlled by townships.

Article 21. The plan for the employment of peasants' compulsory workday units and accumulated workday units in rural areas should be made by the township people's government in coordination with the collective economic organizations of various villages. It will be implemented after being examined and approved by the township people's congress. The situation of employment of such labor services should be announced publicly at the end of a year by the collective economic organizations of various villages and be supervised by the masses.

Chapter IV. Supervision and Management of Other Matters

Article 22. The collection of fees from peasants for administrative and operational work geared to the need of peasants, the listing of such fees, and the standard and adjustment of such fees should be approved by financial and price departments as well as departments in charge of supervising peasants' burdens of people's governments at and above provincial, autonomous region, and municipal level. The listing of major items should be approved by the State Council or by various provinces, autonomous regions, and municipalities.

Article 23. The gathering of funds from peasants should be made within the scope allowed by related laws, regulations, and policies of the State Council. It should be done on a voluntary and appropriate basis. Those who provide funds should receive benefits and the funds should be used with specific purposes. The gathering of funds and the scope of such operations should be approved by the planning and financial departments, as well as departments in charge of supervising the peasants' burdens of various provincial, autonomous regional, or municipal people's governments. The gathering of funds for major projects should be approved by the State Council or the people's government of various provinces, autonomous regions, and municipalities.

Article 24. The establishment of various kinds of funds in rural areas should be approved by the financial department, department in charge of supervising peasants' burdens, and other related departments of the State Council. Major items should be approved by the State Council.

Article 25. The issuance of licences, certificates, and books for keeping records or accounts should be done in accordance with laws and regulations or be approved by people's governments at and above provincial, autonomous regional, and municipal level.

Only actual costs of such licences, certificates and books for keeping records or accounts should be collected from peasants.

Article 26. The issuance of negotiable securities, newspapers, journals, or books to peasants should be done on voluntary basis. No units should demand peasants to buy such things.

Article 27. Organizing peasants to participate in insurance programs should be done according to the stipulations of related laws and regulations.

Article 28. Illegally imposing fines on peasants and illegally confiscating the property of peasants are strictly forbidden.

Article 29. Peasants and collective economic organizations must not be demanded to pay the required expenditures of state functionaries in performing their duties in rural areas.

Article 30. Providing economic, technological, and labor services or disseminating information for peasants and collective economic organizations by enterprises or institutions should be done on voluntary basis. The collection of fees for such services should be done according to related state regulations.

Article 31. No administrative organizations nor institutions should demand peasants and collective economic organizations to pay costs for the establishment of field organizations in rural areas or for employing staff personnel of those organizations.

Article 32. Any unit or individual has the right to report things in violation of these regulations. After receiving such reports, departments in charge of supervising peasants' burdens and related departments must promptly investigate and handle such cases or request people's governments at the same level to handle such cases in accordance with the law.

Chapter V. Encouragement, Reward, and Punishment

Article 33. Units or individuals related to one of the following conditions may be commended or awarded by the people's government:

- (1) A unit or individual that strictly implements the stipulations of these regulations and has effectively reduced peasants' burdens.
- (2) A unit or individual that seriously performs duties according to stipulations of these regulations and has made outstanding achievements in supervising and managing the peasants' burdens.
- (3) A unit or individual that has made outstanding contributions to reporting or exposing wanton collection of fees and wanton gathering of funds from peasants, wanton fines on peasants, and other apportionments.

Article 34. Departments in charge of supervising peasants' burdens or other related departments should report cases of collectings fees, gathering funds, or setting up foundations for various operations in violation of these regulations to people's governments at the same level for stopping such operations.

Article 35. Money collected, gathered, or demanded from peasants and collective economic organizations in violation of these regulations should be reported by departments in charge of supervising peasants' burdens or other relations departments to people's governments at the same level. Units which have illegally obtained the money should be ordered to return the full amount to peasants and collective economic organizations.

Article 36. Peasants who have been demanded to provide labor services in addition to voluntary workday units and accumulated workday units as stipulated in these regulations and related regulations of the State Council shall be compensated with the reduction of their labor services in the subsequent year by the township people's government, or be paid by employing units according to the standard daily wage. The department of the township in charge of supervising peasants' burdens should investigate and certify such cases.

Article 37. Responsible persons of units which violate stipulations of these regulations, and people who are directly responsible for violating stipulations of these regulations, will be reported by departments in charge of supervising peasants' burdens to units to which those people belong or to departments which have authority over those units for administrative punishment.

Article 38. Those who retaliate upon units and individuals making reports on, exposing facts of, and making charges against or resisting wanton collection of fees, wanton gathering of funds, and other wanton apportionments in violation of the "Administrative Supervision Regulations of the People's Republic of China" shall be handled by administrative and supervision organizations in accordance with the law. Such retaliation in violation of the "Regulations Governing Punishment for Violating Public Security of the People's Republic of China" shall be punished by public security organizations in accordance with the law. Cases which constitute crimes shall be handled by judicial organizations, and people who commit such crimes shall be investigated for their criminal responsibility.

Chapter VI. Supplementary Articles

Article 39. Various provinces, autonomous regions, and municipalities directly under the central authority may formulate procedures for implementation according to these regulations in line with actual conditions in various localities.

Article 40. The department in charge of the administration of agriculture of the State Council will be responsible for the explanation and implementation of these regulations.

Article 41. These regulations shall come into force upon promulgation.

Provincial Officials Plan To Boost Agriculture

OW0401093192 Beijing XINHUA in English
0834 GMT 4 Jan 92

[Text] Beijing, January 4 (XINHUA)—Officials in China's provinces and autonomous regions have drafted detailed plans to boost local agriculture.

During its eighth plenary session held in November, the 13th Central Committee of the Chinese Communist Party drafted additional preferential policies related to agricultural production.

According to local officials, the policies will create a better environment for the development of the country's agriculture. Local officials have drafted corresponding measures, including readjusting the agricultural structure, stabilizing the household responsibility system, increased capital construction, and the application of scientific farming methods.

According to officials from Hunan, the province plans to actively develop various types of side-line production. For example, afforestation and fruit production will be encouraged in the province's mountainous regions. At the same time, a more rational proportion of grain, cotton, and edible oil, as well as fish and hog breeding will be developed in lake areas.

Guangdong Province plans to narrow the economic gap between the Pearl River Delta and less developed [as received], while at the same time increasing overall economic development.

By 1995, Shanxi Province plans to adjust grain to cash crop ratio from 85-to-15 to 78-to-22. By 2000, the ratio will be further adjusted to 70-to-30.

In addition, Shanxi will increase the output value for forestry, animal husbandry, fisheries and other side-line production.

Shanxi Province has also decided to gradually expand its collective economy and continue the household responsibility system.

Jiangxi, Sichuan, and Henan provinces, as well as provinces in northeastern China have drafted detailed individual plans. For example, large scale construction projects and programs to control irrigation and water control projects will be initiated in regions which suffered from last summer's severe flooding. Thus far, state and local authorities have raised more than 10 billion yuan to finance projects designed to harness the Huaihe River which flows through Henan, Anhui, Jiangsu and Shandong Provinces.

East China's Jiangxi Province has allocated over one million yuan to reward individuals who have recorded significant achievements in scientific farming. Other provinces have drafted methods to promote the application of science and technology in agriculture.

'Economic Roundup' on Changing Free Markets

OW0301094792 Beijing XINHUA Domestic Service
in Chinese 2120 GMT 1 Jan 92

["Economic Roundup" by Jiang Jun (1203 6511):
"Changing Free Market"]

[Text] Beijing, 2 January (XINHUA)—If you happened to shop at a free market several years ago, you probably noticed that the merchants you bargained with were probably farm producers themselves; fewer and fewer of those farm produce producers are seen at free market nowadays. Many who now sell vegetables or meat to you are merchants, pure and simple.

This is one of the many important changes that occurred at our country's free markets in recent years. Before, free markets were places where farmers and craftsmen exchanged goods for each other's needs. It served to regulate shortages. Now, free markets are moving from a

primary market toward a commercial one. Transactions are no longer a matter of exchanges between producers and consumers; they have become more a matter between merchants and consumers. An official from the Industry and Commerce Administration noted that in urban areas merchants now handle over 70 percent of all merchandise at free markets.

Not only are the faces of sellers changing at free markets, but also products on sale at these free markets are undergoing transformation. Agricultural sideline products, native products, and handicrafts are available at free markets, but more and more small commodities, daily necessities, second-hand goods, and even used tractors can also be bought there. Expanding the market leads to market specialization. More and more special free markets are emerging in the nation. Shandong's Linyi County has specialized in free markets dealing exclusively in knitting wool, plastic wares, hardware, clothing, daily necessities, and fabrics. Shanghai even has a special free market where hundreds of stalls deal exclusively in eels.

Transaction methods have also undergone changes. Retailing businesses dominated the free market in the past, but wholesale businesses are now on the rise at free markets. It is not rare to see wagons of goods worth several hundred thousand yuan change hands at free markets. Transporting goods to consignees as far away as several thousand kilometers is also common. Thanks to merchants, vegetables from Guangdong's Huazhou County are available in China's northeast. Free markets are no longer regional where only local produce and goods are marketed; they are now developing in the direction of large transregional markets.

Village Enterprises Develop; Radio Adds Feature

OW0401101092 Beijing Central People's Radio
Network in Mandarin 2230 GMT 3 Jan 92

[From the "News and Press Review" program]

[Text] China's village and town enterprises, through technological transformation and structural adjustment, achieved good results in the first year of the Eighth Five-Year Plan.

In 1991, village and town enterprises made steady progress in six fields, namely total production value, industrial production value, income from sales, income from labor services, taxes and profits, and total exports. The total production value of village and town enterprises across the country exceeded 1,100 billion yuan and industrial production value reached 850 billion yuan, increases of 18 and 20 percent respectively over the previous year. In

addition to rapid expansion and greater economic efficiency, scientific and technological progress has stepped up with more added value, and management has become more scientific and standardized.

The development of village and town enterprises has created a new generation of entrepreneurs. The Ministry of Agriculture has decided to present awards to 500

outstanding entrepreneurs in village and town enterprises of the whole country in January this year.

Dear listeners, in order to report the exemplary deeds of our country's entrepreneurs, beginning today this station's broadcast for rural areas will add a special program on village and town enterprises. The special program will be broadcast every Saturday at 0600 [2200 GMT] and 1945 [1145 GMT] on this station's first program, and at 1145 [0345 GMT] on this station's second program.

East Region

Chen Guangyi at Opening of Radio, TV Center

HK0901143392 Fuzhou Fujian People's Radio Network
in Mandarin 1100 GMT 31 Dec 91

[Excerpts] Fujian Radio and Television Center, the object of province-wide attention, was completed and went into operation today. This is one of the 15 practical things that the provincial party committee and provincial government have done for the people in 1991.

This morning, while the people of the whole province were jubilantly sending off 1991 and greeting the new year, the leaders of the provincial party committee, Advisory Committee, People's Congress Standing Committee, government, provincial CPPCC Committee, and provincial Discipline Inspection Committee—including Chen Guangyi, Jia Qinglin, Cheng Xu, Yuan Qitong, Lin Kaixi, He Shaochuan, Liu Jinmei, and Lin Xin; Huang Jinyu, in charge of provincial Advisory Committee; old comrades Wu Hongxiang, Wang Ming, Li Yuqing, Wang Yu, and He Ruoyuan; figures from various circles; and [words indistinct] radio and television broadcasting workers gathered to celebrate the completion of Fujian Broadcasting and Television Center.

Chen Guangyi, Jia Qinglin, Cheng Xu, and Yuan Qitong cut the ribbon for the completion of the building. [passage omitted]

Comrade He Shaochuan spoke at the completion ceremony. He first extended warmest congratulations and festival greetings to the hard-working construction workers and the radio and television workers of the entire province on behalf of the provincial party committee and provincial government. [passage omitted]

He Shaochuan expressed the wish that the radio and television broadcasting workers of the entire province will take up the glorious historical mission; persist in serving socialism and the people; propagate the party's basic line of one center and two basic points completely, comprehensively, and accurately; produce good and lively radio and television programs; satisfy the broad masses' cultural needs to the full; and make due contributions to Fujian's reform and opening up and the building of the two civilizations. [passage omitted]

Official Discusses Jiangxi Family Planning Goals

HK0901143192 Nanchang Jiangxi People's Radio Network
in Mandarin 1100 GMT 31 Dec 91

[Excerpts] At the provincial family planning work conference which concluded yesterday, Shu Huiguo, provincial vice governor and head of the provincial leading group for family planning, once again alerted all localities to the fact that the current state of family planning in our province is very worrisome. If there is the slightest relaxation in family planning work, it will be impossible to accomplish the province's targets of population control during the Eighth Five-Year Plan and within this century.

The provincial family planning work conference opened in Yifeng County on 28 December. Leaders in charge of family planning work and directors of family planning committees from relevant provincial departments, prefectures, cities, and some [words indistinct] cities—numbering over 100—attended the meeting despite the heavy snowfall. [passage omitted]

He said: Because family planning in our province started quite late and had a poor foundation, the overall level is still lagging behind the rest of the country. Therefore, it is necessary to have a correct understanding of the very grim population problem in our province, implant in our minds the idea that family planning should not be relaxed even for a day in the 1990's, and do a good job in family planning work in a down-to-earth manner.

Shu Huiguo also offered suggestions for next year's family planning work, especially in the first quarter of next year. [passage omitted]

Jiang Chunyun Views Rural Ideological Education

SK1001014292 Jinan Shandong People's Radio Network
in Mandarin 2300 GMT 8 Jan 92

[Text] On 7 January, Jiang Chunyun, secretary of the provincial party committee, and Miao Fenglin, Standing Committee member of the provincial party committee and director of the provincial Propaganda Department, accompanied by Zhai Yongbo, secretary of the Jinan party committee and mayor of the city, went to three villagers' committees, party member activity centers, and peasant households in Zhangqiu County, despite the cold wind and snows, to investigate and understand the situation of socialist ideological education in the rural areas. They planned to talk about policies and the issue of seeking wealth with some rural cadres and people, and to jointly discuss the great matter of being united with each other and striving for becoming fairly well-off.

Zhangqiu County has taken deepening rural reform and enlivening the rural economy as a point to start with and end the education on socialist ideology. In conducting the education, the county has conscientiously made arrangements for and has done a good job in managing village-level organizations according to standards, firmly fulfilling the targets covered in the Eighth Five-Year Plan, and letting party-member cadres take the lead in developing economic construction. Meanwhile, towns and townships discussed and worked out, in line with their actual conditions, fighting goals for the next five years; and vividly drew programs for attaining the level of becoming fairly well-off. As a result, the vast number of peasants are inspired with enthusiasm and full of confidence, and a situation where villages have defined targets and households to strive to become fairly well-off has emerged.

After fully affirming Zhangqiu County's vivid rural work, Jiang Chunyun said: We are inspired with enthusiasm after hearing and seeing the county's situation. This year, we

must not simply repeat the ways for conducting the education on socialist ideology as adopted last year. But, based on the achievements in 1991, we should deepen and develop the education this year. Thus, the requirements for the education on socialist ideology in 1992 are even higher than those in 1991.

Zhangqiu County coordinated socialist ideological education with the consolidation and improvement of the system of managing village-level organizations according to standards, set up systems according to laws, and developed villages according to systems. So, the county has guaranteed the self-management, self-education, and self-restriction of the people, and effective supervision over cadres; has balanced the relationship between cadres and the people; and has successfully promoted the progress of various work. The county has made good achievements in conducting the education on socialist ideology.

Jiang Chunyun said: We have made certain achievements in conducting rural socialist ideological education. However, we must not overestimate the achievements. Some ideological and practical problems that took shape in the past years cannot be solved by conducting the education once or twice. New situations and new problems will ceaselessly crop up. So we should fully understand the long duration, arduous nature, and importance of socialist ideological education; persistently and unswervingly attend to the education; and really use the socialist ideology to firmly occupy the urban and rural fronts.

Jiang Chunyun said: The next decade is a key period. We should closely coordinate the education on socialist ideology with the central link of the economic construction. Only when we successfully develop economic construction will the country become more prosperous with each passing year; will the livelihood of the people be improved; will the superiority of socialism be embodied; and will the people unswervingly take the path of socialism and consolidate, develop the socialist front, and effectively resist the peaceful evolution launched by the Western hostile forces. In conducting education on the socialist ideology, all localities should proceed from their own actual conditions to accurately work out ways to promote economic development, persistently take the improvement of economic results as a key link, and promote a sustained and stable development of the economy and social undertakings.

Jiang Chunyun said: Adhering to the four cardinal principles is the foundation for a state when persisting in reform and opening up is the way to make the country strong. Therefore, we should closely coordinate education on the socialist ideology with the ways for conducting reform and opening the country to the outside world, and ensure the socialist orientation for reform and opening-up work. Meanwhile, we should closely coordinate the education with party building, give full scope to party organizations' role as a fighting force and to party members' exemplary vanguard role, guide the masses to be united as one and to immerse

themselves in hard work, and strive to build socialism with Chinese characteristics.

Zhejiang Leaders Host Shanghai Delegation

OW1001110892 Hangzhou Zhejiang People's Radio
Network in Mandarin 1000 GMT 9 Jan 92

[From the "Provincial News Hookup" program]

[Text] In the company of Li Zemin, Zhejiang CPC Committee secretary, and Governor Ge Hongsheng, the Shanghai delegation today visited the fishery industry, tourism, and port facilities of Zhoushan. During a morning visit to the Zhoushan No. 2 Marine Fishing Company, Wu Bangguo, Shanghai CPC Committee secretary, and Mayor Huang Ju were briefed in detail on the company's operations; they praised the company for earning nearly \$12 million in foreign exchange last year. They also discussed with Comrade Li Zemin how to make Zhoushan's marine products better meet Shanghai consumers' needs.

After the visit, the delegation, accompanied by leading comrades from Zhejiang and (?Ningbo), took a boat trip in seven to eight gale force winds to visit the (Laotangshan) port and seas around the (Kese) Island. In the afternoon, the delegation, in the company of Comrade Li Zemin and other provincial and (?Ningbo) leaders, continued their visit in Shengsi County.

Central-South Region

Zheng Liangyu on 1992 Economic Construction Plan

OW0801181592 Beijing XINHUA in English
1532 GMT 8 Jan 92

[Text] Shenzhen, January 8 (XINHUA)—Shenzhen Mayor Zheng Liangyu today proposed the 1992 economic construction plan for this special economic zone (SEZ) in South China's Guangdong Province.

The mayor announced his proposals during the plenary session of the First Municipal Committee of the Communist Party of China.

Zheng said that the main principles of the city's economic activities during 1992 will be the enhancement of open-mindedness, economic reform and opening to the outside world, as well as readjusting the economic structure, developing high-tech enterprises and the service trades, and opening new overseas markets.

According to Zheng, the city's target for the year is to reach a gross national product of 19.5 billion yuan (nearly four billion U.S. dollars), an 18.2 percent over 1991.

Zheng's proposal calls for major emphasis in the following areas:

- further stimulating enterprises while improving efficiency, allowing them to become more independent, and creating a better production and management environment;
- further promoting the market economy in the rural areas and developing export oriented agricultural products in order to increase exports and further construction of the SEZ;
- placing greater emphasis on the construction of infrastructure so as to provide a better investment environment. For example, the city's top priority will be given to water supply project, as well as a power station, highways, and an airport and harbor;
- promoting economic reform and opening even wider to the outside world. While perfecting the market system, more efforts will be devoted to the structural reform of enterprises and improving the government's overall control over the economy. In addition, bonded industrial areas and a bonded production materials market will be constructed;
- readjusting the economic structure. Since present conditions are quite different from those in place when the special economic zone was established, the establishment of high-tech industries and service trades will be encouraged, and more enterprise groups will be developed; and finally
- promoting the development of outward-looking economy and finding new foreign markets.

Governor Announces Technology Garden Construction

HK1001052392 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 30 Dec 91

[Text] This afternoon, the provincial government solemnly declared the formal start of the construction of the long-awaited Hainan International Science and Technology Garden Development Zone [as heard]. [passage indistinct]

The garden, which will cover an area of 14 square km, will be developed under the principle of promoting commercialization, industrialization, and internationalization of scientific and technological achievements to create a formula for invigorating Hainan through the application of science and technology.

The first projects to be carried out in the garden total 12, involving 114 million yuan and \$4.85 million in foreign exchange. The projects are scheduled to develop new high-tech items.

Li Xue, vice minister (executive) of the State Science and Technology Commission; Governor Liu Jianfeng; Vice Governor (executive) Bao Keming; Vice Governor Xin Yejiang; Huang Zongdao, provincial people's congress vice chairman; (Li Zhaojie), General Office director of the State Science and Technology Commission Torch Program; (Tian Zhibin), vice director of the Sichuan Government Science Commission; and (Li Yaoqi), general manager of the Hong Kong and Macao International Investment Company Limited, attended the ceremony.

On behalf of the provincial party committee and government, Liu Jianfeng gave a speech. He said: The construction of the Hainan International Science and Technology Industry Garden is now started. This means development and construction in Hainan have entered a new phase. The garden bears two characteristics: One, the funds are provided by the central government and businessmen abroad; two, both Hainan and another province [Sichuan] are making investment.

The meeting heard a letter of congratulations from the Hainan Government.

Report on Hainan Lead in Reforming Grain Prices

OW1001045492 Beijing XINHUA in English
0221 GMT 10 Jan 92

[Text] Haikou, January 10 (XINHUA)—People in south China's Hainan Province, which has taken the lead in reforming grain purchase and sales prices, say they have benefited from the reform.

"Although the price in state grain shops is twice as much as that in other cities and towns outside the province," said a consumer, "we can bear it. We are now supplied with better quality rice and rice products, and shop assistants are more polite and ready to offer a helping hand."

For a long period of time the Chinese Government has purchased grain from farmers at higher prices and sold it to urban people at lower prices with state subsidies. People purchase grain according to their ration at the nearby state grain shops.

Hainan is the country's largest special economic zone and its second-largest island after Taiwan. It has piloted the national reform of the economic system.

To ease the burden on the state, Hainan has lifted the prices of non-staple food and grain in hotels and restaurants and that of grain for industrial use and processing into animal feed over the past few years.

In May last year the provincial government further reformed its price system by raising the grain sales price to the same level as the purchase price.

An official of the provincial Grain Bureau said that around the days when the grain price was lifted throughout the island, he was surprised to see that state grain shops were as quiet as before; no one rushed to buy more grain than usual to resell at a profit.

According to statistics, the sales prices of grain are about the same as before the reform. The rise of prices for non-staple foodstuffs relating to grain also has not caused any fluctuation. The general level of the retail prices of social commodities has kept in balance.

The reform has forced employees in state grain shops to improve their service and increased the varieties of goods in a bid to raise profits.

A shop assistant said that grain was monopolised by the state and sold at lower prices with state subsidies before the reform. Therefore, no one paid attention to quality, which deteriorated during shipment and storage.

"No matter whether we worked hard or not, we got the same pay because we were backed by the state," he said.

But things are different now, he noted. As all state grain shops assume sole responsibility for their profits and losses, all employees at the shops have to concentrate on profit.

"We purchase quality rice to meet the needs of customers and deliver goods to the door-step of canteens and customers."

The reform of grain prices has brought benefits to local farmers and aroused their enthusiasm for growing rice.

According to a survey report, although Hainan suffered a spell of drought and was hit by typhoon last year, the province still reaped a record grain harvest of 1.79 million tons.

A provincial government official said the reform of the grain price is a key part of Hainan's reform of the price system.

So far, 60 percent of the grain consumed by Hainan's residents comes from free market, the highest percentage in the country.

The province plans to free all the state-set prices for grain on the island this year.

Hainan To Step Up Antipornography Campaign

HK0801115092 Haikou Hainan People's Radio Network
in Mandarin 2300 GMT 28 Dec 91

[Excerpt] The provincial leading group in charge of the antipornography campaign held an enlarged meeting in Haikou this morning. The meeting clearly pointed out that the present key task for the province-wide struggle against pornography is to crack down on illegal publications.

The meeting heard the spirit of the national conference on the antipornography campaign, analyzed the market for illegal publications in the province, and decided to organize a fresh campaign against pornography and illegal publications resolutely to prevent forces engaged in printing illegal publications from gaining ground and illegal publications from spreading, severely punish those involved in printing illegal publications, and rid the market of pornographic books, periodicals, and audio and video tapes.

The meeting called on the leadership at all levels to have an adequate understanding of the importance and urgency of the struggle. 1) Illegal publications pander to low tastes, peddle opium for the mind, pollute the society's spiritual environment, corrupt social values, molest youth mentally, jeopardize the nation's quality, and do harm to social stability. 2) Those publishing

pornographic books, periodicals, and audio and video tapes make a windfall by engaging in unbridled speculation. To seek staggering profits, they [words indistinct] offer bribes to state personnel, corrupt cadres, and [words indistinct]. 3) Forces publishing pornographic books, periodicals, and audio and video tapes constitute an editing, printing, and distributing network which confronts the state or is beyond state control, thus encouraging bourgeois liberalization. Again, some illegal publications have reactionary content. 4) In essence, the antipornography campaign is a component part of our long-term struggle against bourgeois liberalization and peaceful evolution.

Provincial propaganda department head Wang Houhong, who is concurrently a provincial party committee standing committee member, addressed the meeting. He called on all departments across the province to deepen their understanding of the significance of the struggle against pornography and illegal publications. While cracking down on illegal publications, he said, it is necessary to straighten things out in the cultural market as a whole. We must strike at the root of pornography. In administering the cultural market in this province, we must be aware that we must build up an economically and culturally developed special economic zone. What we need is a healthy and progressive culture. [passage omitted]

Southwest Region

Radio Carries Liu Zhengwei's New Year Address

HK1001060292 Guiyang Guizhou People's Radio Network
in Mandarin 2300 GMT 31 Dec 91

[Text] Provincial party secretary Liu Zhengwei delivered a New Year's address at this station yesterday. On behalf of the provincial party committee and provincial government, he extended cordial greetings and conveyed best wishes for the new year to the broad masses of workers, peasants, and intellectuals; and to the People's Liberation Army stationed in Guizhou, the armed police officers and men, and public security.

We now bring you the recording of Comrade Liu Zhengwei's speech.

[Begin recording] Comrades, friends: The bell is about to sound for New Year's Day and the door to the new year is about to open. Standing at the intersection of the two years and looking back on the past one, we feel profoundly inspired and elated, and, looking ahead to the new year, we are ever more confident.

In 1991, the people of various nationalities in our province, under the leadership of the CPC Central Committee, won the first battle in the process of implementing the 10-Year Program and the Eighth Five-Year Plan. A comprehensive bumper harvest in agriculture was reaped despite the extraordinary flooding of the past year, and the total grain output reaching 16.3 billion jin,

up 11.8 percent over the previous year and breaking the all-time record. The yield of major cash crops also attained a record high. The total agricultural output value is expected to register over 16 billion yuan, up 7.2 percent over the previous year. The performance of industry and communications made steady progress. The total industrial output value is expected to exceed 22 billion yuan, up nine percent or so over the previous year. Revenue is expected to reach 4 billion yuan, up more than 14 percent over the previous year. Various other undertakings, such as science and technology, education, culture, public health, and sports, also made fresh progress. We not only managed a steady economic growth on a provincewide scale, but also further strengthened party building and maintained social stability. All these achievements embody the painstaking efforts of the broad ranks of cadres and the people of various nationalities. This is a heroic [words indistinct]. I would like, on behalf of the Guizhou Provincial CPC committee and the Guizhou People's Government, to extend cordial greetings and express best wishes for the New Year to the broad masses of workers, peasants, and intellectuals of the whole province; the People's Liberation Army stationed in Guizhou; armed police officers and men; and public security.

When we were about to leave the year 1991, Comrade Jiang Zemin, CPC Central Committee general secretary, came to our province on an inspection tour, bringing to the people of various nationalities in Guizhou the CPC Central Committee's kind attention and ardent expectations. During his inspection tour, General Secretary Jiang traveled extensively to rural areas, factories, Army units, and schools. He encouraged the many cadres and broad masses to further free their minds, seek truth from facts, go about things steadily and surely, and struggle [words indistinct]. General Secretary Jiang stressed that, to revitalize China and achieve modernization, we must unwaveringly follow the road of building socialism with Chinese characteristics, implement the party's basic line comprehensively, and concentrate our energies on boosting the economy. To develop socialist economy, we must firmly safeguard social stability. To put the socialist cause in a permanently invincible position, we must make vigorous efforts to strengthen party building. General Secretary Jiang also gave important instructions on some other issues, such as implementing the spirit of the Eighth Plenary Session of the 13th CPC Central Committee and continuing to do a good job in nationality work. They point the way for us and are a strong spur and source of inspiration for us. In the new year, we should, under the correct leadership of the party Central Committee with Comrade Jiang Zemin as the core, continue to grasp the three major tasks, namely, steadily developing the economy, strengthening party building, and maintaining social stability; implement the spirit of the central work conference, the Eighth Plenary Session, and General Secretary Jiang's important instructions given on his inspection tour in Guizhou; do the work well in all respects; and greet the convening of the 14th CPC National Congress with good achievements. When

inspecting Guizhou, General Secretary Jiang, to inspire us, quoted Chairman Mao's magnificent lines: It is an idle boast that the strong pass is a wall of iron/With firm strides we are crossing its summit. As long as we carry forward the Long March spirit of firming up conviction, arduous pioneering, self-less devotion, and forging ahead in unity, we will be able to overcome any difficulty on our way ahead and boost Guizhou's economy and better our work in other areas.

Thank you. [end recording]

Dear audience, you have just listened to the New Year address that provincial Secretary Liu Zhengwei delivered at our station.

North Region

Paper Reviews Rural Socialist Education Gains

SK1001001592 Beijing BEIJING RIBAO in Chinese
27 Nov 91 p 1

[By Fan Sancheng [5400 0005 2052] "The Capital's Suburbs Make Marked Achievements in Conducting Socialist Education in Rural Areas"]

[Text] Since 1989, the capital's suburbs have extensively conducted socialist education among their villages in turn. Several million cadres and people have participated in these educational activities, which have forcefully promoted the implementation of the party's basic line in the capital's suburbs, enhanced the broad masses of cadres' and people's belief in socialism, defined the socialist orientation, and strengthened the construction of grassroots-level party organizations and of two civilizations in rural areas.

In the winter of 1989, based on earnestly summarizing the experience gained in conducting rural reforms over the past 10 years and in view of the domestic and international political situation, the capital's suburbs began their first and large-scale socialist education among their villages.

In conducting socialist education in the two former periods, various districts and counties first organized cadres and people to earnestly study the socialist theories with Chinese characteristics, to justly and forcefully publicize the superiority of the socialist system, and to imbue themselves with socialist ideas. All suburban districts held 77 study classes on the "study outline" of a number of issues on socialism, with the participation of more than 8,000 cadres from the units at the township-section level, as well as the training classes with the participation of more than 100,000 backbone cadres from the party branches in rural villages who are in charge of ideological and political work. All secretaries of county and district party committees and heads of counties and districts gave lectures in classes that accommodated 330,000 attendants. In conducting the education, various localities also adopted the measures of reviewing

the past and settling old accounts to organize the masses to compare the situation in the period before liberation, the period after the PRC's founding, and the period since the Third Plenary Session of the 11th CPC Central Committee; and utilized specific and vivid facts to illustrate that only socialism can save China and allow China to develop. There were 210,000 youths of suburban districts, who joined in the knowledge contest with the main topic of ardently cherishing socialism; and several hundred thousand people who joined the two peasants' artistic festivals with the main content of extolling socialism. These educational activities have purified the confused thinking of some cadres and people and enhanced the people's belief in socialism.

During the two former socialist education periods, the broad masses of party members, cadres, and people further enhanced their belief in socialism. Cadres and people clearly learned the principle of China being saved only by socialism and achieving development under socialist systems. The construction of rural party organizations was enhanced, and 64 percent of rural party branches conducted management for the attainment of certain objectives in the obligations and duties of party members. More than 20,000 young peasants applied for party membership. During the two-year period of conducting socialist education, 94 percent of villages have defined the names of economic cooperatives, and more than 90 percent of cooperatives have formulated their regulations and rules. These educational activities have promoted the sustained and stable development of the suburban economy. Their total grain output and per unit yield have topped the previous highs over the past three consecutive years. Their total industrial and agricultural output value showed a 50 percent increase between 1988 and 1990 and a 23.5 percent increase in per peasant income earned from labor work. These activities have also promoted changes in social morale and the construction of spiritual civilization.

Paper Reports Changes in Beijing Taxes in 1991

SK1001142492 Beijing BEIJING RIBAO in Chinese
25 Nov 91 p 1

[By trainee Yang Xiaoxuan [2799 0879 6513]: "Beijing Municipality Started To Levy New Regulatory Taxes"]

[Text] The municipal tax bureau recently declared: On 1 January 1991 the municipality began levying regulatory taxes for investment in fixed assets and simultaneously stopped levying construction taxes. The regulatory taxes for investment in fixed assets include: The policy on zero tax rate will be carried out for investment in developmental projects to meet the urgent needs of the country. Meanwhile, priorities should be given to the construction of these projects. The policy on zero tax rate will also be carried out among the individuals who invest in building and purchasing houses in both urban and rural areas. The policy on levying 30 percent of heavy taxes will be carried out for the construction of office buildings, hotels, guesthouses, and meeting halls with the

approvals of the units concerned, and for the construction of projects whose construction is strictly restricted by the state.

Beijing Police Install Radio Alarm System

HK0901145092 Beijing ZHONGGUO XINWEN SHE
in English 1410 GMT 9 Jan 92

[Text] Beijing, January 9 (CNS)—A radio alarm command system making use of digital coding, radio transmission and micro-machine processing, which will combine the functions of reporting to the police, giving commands, communications and information, has been installed in the eastern district of Beijing City proper. The system has passed appraisal by experts organized by the Beijing Science and Technology Commission.

The system is composed of a security command centre in contact with local police stations, the head of the police station in the eastern district, Mr. Jia Bingwu, said. The alarm signals with a strong capacity to counter interference and disruption take a mere three or four seconds to be transmitted from user to command centre, thus leading to a rapid response by the police.

Before the installation of this system, the transmission of signals for help mainly depended on a manual system which proved to be time-consuming and was unsatisfactory for the dispatching of police to scenes of crime.

The system jointly developed by the police station in the eastern district of the city proper and the No. 2 Research Institute under the Ministry of Aero-Space Industry started operation on the eve of the Beijing Asian Games, providing stronger security for the occasion. So far nearly 200 entities in the eastern district of the city are participating in the system, forming a security network covering the entire district.

Beijing Court Sentences 19 Criminals to Death

SK1001031492 Beijing BEIJING RIBAO in Chinese
1 Dec 91 p 1

[Text] During the special struggle against theft, yesterday, the municipal intermediate people's court held the second open trial to mete out the death sentence to 19 criminals, including Zhang Wenhua, who were guilty of the most heinous crimes and resisted the "circular" at the court of first instance; and to mete out death sentences with a stay of execution of two years, life imprisonment, and fixed-term imprisonment to 16 criminals, including Wei Hua, who committed serious crimes and resisted the "circular" at the court of first instance.

On 29 November, the municipal intermediate people's court executed by shooting 12 thieves, including Wang Suocheng, who were guilty of the most heinous crimes and were sentenced to death at the first open trial held at the end of October.

The 35 criminals who were heavily sentenced yesterday belonged to three criminal rings. They colluded with one

another, fled here and there, broke into houses to rob and steal public and private property, and cruelly injured or killed the victims. They became ever more arrogant and brought serious harm to society. The principal members of the 15-person robbery and theft ring headed by Zhang Wenhua were once seriously dealt with by the public and judicial organs for violating laws and committing crimes. However, they had no intention of mending their ways. They were armed and ganged up again and fled to our municipality and Anyang in Henan Province to rob, beat and cruelly injure the victims, injuring eight persons, and robbed and stole nearly 400,000 yuan worth of belongings in a planned and premeditated manner in less than one year. The 15-person robbery and theft ring ganged up by peasants from Wuwei County in Anhui Province and Renqiu County in Hebei Province headed by Fang Yizhu, brazenly broke into the state warehouse with arms to rob and steal means of production, and broke into houses to rob numerous belongings valued at more than 50,000 yuan from residents. The five-person criminal ring headed by Liu Weidong fled to our municipality, and Zhengzhou City of Henan Province successively to steal many belongings valued at more than 55,000 yuan.

While meting out severe punishment to criminals, the municipal intermediate people's court also meted out light punishment in line with policies to five criminals, including Yang Zheng, Li Wei, Huang Ping, Zhang Fengliang, and Huang Huiying, in accordance with the "criminal law of the PRC," and the stipulations of the "circular," who, under the influence of policies and the "circular" jointly issued by the municipal judicial and public security organs, voluntarily surrendered themselves to the public security organs, or confessed their major crimes frankly and exposed the crimes of their partners during their detention period. These five criminals were respectively given fixed-term imprisonment with a stay of execution or exempted from punishment, and were released immediately.

At the open trial, Ji Shuhan, president of the municipal intermediate people's court warned those criminals who have not turned themselves in not to obstinately stick to a wrong course and to have a sense of luck. He said: Only 15 days are left now before the deadline of the "circular." It is necessary to make a prompt decision and to surrender to the judicial organs immediately because this is the only way out. The people's courts will take into account what they say. If those criminals who still continue to defy the law, they will be severely punished by the people's courts.

Inner Mongolia To Improve Livestock Raising

OW1001053492 Beijing XINHUA in English
 0519 GMT 10 Jan 92

[Text] Beijing, January 10 (XINHUA)—North China's Inner Mongolia Autonomous Region plans to comprehensively develop the economy in the pastoral areas in

the coming years, today's "PEOPLE'S DAILY" [RENMIN RIBAO] reported.

According to the regional Eighth Five-Year Plan (1991-1995), the total number of livestock of the region should amount to 60 million head, up 20 percent over the present figure; the annual income per person in the pastoral areas should reach 1,600 yuan (about 320 U.S. dollars), 80 percent more than at present.

In the coming ten years the region is determined to carry out the following tasks in the pastoral areas:

- enhancing the development of grasslands and work to stem sand encroachment.
- improving the efficiency of stock raising and promoting the commercialization of stock raising. The herdsmen should change their traditional concepts and ways of management and adapt themselves to the concepts of quality and competition.
- speeding up the mechanization of animal husbandry. As labors is in comparatively short supply [as received] in the pastoral areas, mechanization is the only way to improve the economic efficiency of animal husbandry and grassland development.

Nie Bichu Addresses Forum on 1992 Economic Plan

SK1001064092 Tianjin People's Radio in Mandarin
 2300 GMT 8 Jan 92

[Text] On the afternoon of 8 January, the leading comrades of the municipal people's government sponsored a forum with a number of deputies of the municipal People's Congress and members of the municipal Chinese People's Political Consultative Conference [CPPCC] Committee.

During the forum, Mayor Nie Bichu informed the participating deputies of the working ideas and plan of the municipal people's government in 1992. The forum represents the continuation of the municipal people's government 1991 fiscal-year program of holding discussion with a number of deputies of the municipal People's Congress.

Liu Jinfeng, chairman of the municipal CPPCC committee, presided over the forum. Attending the forum were deputies of the municipal People's Congress; members of the municipal CPPCC committee; some deputies of the National People's Congress [NPC], who are currently in Tianjin; members of the National CPPCC Committee; and responsible persons from various democratic parties and mass organizations.

At the forum, Mayor Nie Bichu delivered a speech in which he first described the current situation in the municipality and stated that the fundamental principle of the municipal party committee's work this year is to emancipate minds, to boldly engage in practice, to accelerate reform, to develop the strong points, and to promote the stable and harmonious development of the

economy and society. The plenary session of the municipal party committee has worked out the basic viewpoint through repeated study and analysis, which can be summarized as that the municipality has basically tided over the period with the largest difficulties in developing the economy and that the municipality's economy will be still in the period with larger difficulties in the coming nine years, including 1992. In facing the current severe situation and in line with the general guiding ideology in 1992 and the current tasks, the municipal party committee has stressed that on the premise of giving consideration to general affairs, a good job should be done in emphatically grasping the following nine tasks that can also be regarded as the nine key measures of making a success in the annual economic work:

1. By regarding as a focal point the work of boosting large and medium-sized enterprises, efforts should be made to deepen the reform drive in an overall way.
2. Efforts should be made to further bring the comprehensive strong points into play and to accelerate the pace in developing the export-oriented economy.
3. Efforts should be made to accelerate the pace in readjusting the structure of industries and products and to enhance the reserve strength of economic development.
4. Efforts should be made to enhance enterprise management and to increase economic results.
5. Efforts should be made to rely on scientific and technological progress to promote economic development.
6. Efforts should be made to enhance education work and to upgrade the quality of laborers.
7. By proceeding from bringing the role of medium-sized cities into play, strenuous efforts should be made to develop tertiary industry.
8. Efforts should be made to concentrate efforts on successfully grasping the work of capital construction.
9. Efforts should be made to uphold the orientation of achieving development in both urban and rural areas and to successfully build modernizations in rural areas.

Wu Zhen, chairman of the municipal People's Congress Standing Committee, also delivered a speech at the forum.

Northeast Region

Yue Qifeng on Improving State-Run Enterprises

SK2612062491 Shenyang LIAONING RIBAO
in Chinese 3 Nov 91 pp 1-2

[Speech by Yue Qifeng, governor of Liaoning Province, at the work conference of the provincial party committee on 23 October 1991: "Emancipate the Mind, Bravely Blaze New Trails, Do Solid Work, and Further Improve State-Run Large and Medium-Sized Enterprises"]

[Text] Comrades:

The main subject discussed at the work conference of the provincial party committee was to deeply study, in line

with the guidelines of the central work conference and closely in line with the current economic situation of Liaoning Province, how to further emancipate the mind, bravely blaze new trails, be inspired with enthusiasm, do solid work, and improve state-owned large and medium-sized enterprises. The study of this issue cannot be divorced from the analysis of the provincial economic situation and the arrangement for 1992's economic work. According to the opinions discussed by the provincial party committee Standing Committee, I put forward the following four issues for discussion at the conference.

1. The Current Economic Situation

Since the beginning of this year, the provincial party committee and the provincial government have conscientiously studied and analyzed the provincial economic development situation on several occasions to deepen understanding of the situation in the province, and also adopted a series of policy measures for solving economic difficulties. In particular, the Central Committee and the State Council have been extremely concerned with the situation of Liaoning Province. Vice Premier Zhu Rongji visited Liaoning several times to help us analyze the situation, seek unity of thinking, formulate measures, solve problems, and give special assistance to the province. Through the step-by-step implementation of a series of state policies and measures and the cleanup of "debt chains," and with the concerted efforts of people at all levels throughout the province, the general economic situation of the province is developing in a good direction.

The province gathered a bumper grain harvest and the rural economy was comprehensively developed. Since last fall and winter, localities throughout the province have vigorously engaged themselves in the construction of farmland water conservation projects; taken reform of farming system, readjustment of the crop structure, and vigorous development of irrigated farmland as a breakthrough point; mobilized all fronts to increase input into agriculture; widely launched the campaign of rejuvenating agriculture with science and education to improve agricultural production conditions; and carried out a series of preferential policies. With fairly normal climate conditions, we gathered a bumper grain harvest and ensured comprehensive development of forestry, animal husbandry, sideline production, and fisheries. Total grain and soybean production was estimated at more than 14.5 billion kg. Of this, wheat production rose by 30 percent over last year; the province planted 2.89 million mu of trees, overfulfilling the afforestation plan; the output of cotton, peanuts, and beets increased by a large margin; and output of meat, poultry, eggs, dairy products, and aquatic products increased. The total output value of the rural society was estimated at 78 billion yuan, an increase of 10.9 percent over last year.

Industrial production rose after a fall, and the marketing of industrial products took a slight turn for the better. In the first nine months of this year, the output value realized by the industries at or above the township level reached 112.34 billion yuan, an increase of 7.5 percent

over 1990. Of this, the heavy industrial output value rose by 8.1 percent and the light industrial output value rose by 5.9 percent. Along with the implementation of methods for controlling production, reducing the overstock of products, and promoting the marketing of products, particularly the method for clearing up "debt chains," the province realized a turn for the better in marketing products, and capital became less tight. By the end of September, the province cleared up 11.22 billion yuan of "debt chains," including 7.26 billion yuan for investment in fixed assets and 3.96 billion yuan for working funds of 201 key enterprises. Income from sales of products of local budgetary industrial enterprises increased by 18.4 percent, and the production and marketing rate reached 86.9 percent. Industrial enterprises, with the accounts of industrial and commercial banks, used 31.52 billion yuan of funds for three purposes, an increase of 54.2 percent over the beginning of the year and a drop of 858 million yuan from the end of July. The funds tied up by finished products were reduced by 380 million yuan from the end of June.

Town and township enterprises developed in a good direction, and new headway was made in the urban collective sector of the economy. To rapidly change the situation where the collective sector of the economy was weak in counties, districts, towns, townships, and villages, we conscientiously studied the problem several times; convened special work conferences, in line with the instructions of Premier Li Peng and Vice Premier Zhu Rongji on accelerating the development of town and township enterprises; and successively worked out 28 policy measures for promoting the development of town and township enterprises and 23 policy measures for accelerating the development of the urban collective sector of the economy. The current economic development trend is very good. When comparing January-September this year with the same period last year, the output value realized by industries at or below the county level increased by 20.4 percent, that at the district level increased by 18 percent, and that at the township and village levels increased by 26 percent.

Foreign economic and trade work was strengthened and the export-oriented economy was further developed. During the previous nine months, the total volume of foreign export trade reached \$4.288 billion, an increase of 13.6 percent over the same period last year, of which the exports of local products were valued at \$2.41 billion, an increase of 24.7 percent, prefulfilling the state plan by four months. A total of \$494 million in foreign capital was actually used, and the number of "joint, cooperative, and foreign-funded enterprises" reached 1,492. New progress was made in the construction of the three demonstration zones opening to the outside world and two scientific and technological parks; and good achievements were made in the contracts for overseas projects and the export of labor services and technology. More than 110,000 foreign tourists were received and foreign exchange earnings increased 28.6 percent over the same period last year.

Market sales increased steadily and the retail prices of commodities were fairly stable. During the previous nine months, the total volume of retail sales of commodities throughout the province reached 36.96 billion yuan, up 9.9 percent over the same period last year. Since the beginning of this year, although the state has promulgated several measures for readjusting prices, and our province has relaxed price restrictions on some agricultural and sideline products, the trend of market prices has been stable because the contradictions between market supply and demands were alleviated and the purchase desire of the residents was stable. During the previous nine months, the overall level of the whole province's retail commodity prices rose by 3.4 percent over the same period last year; and the prices of meat, eggs, and poultry and other nonstaple foods were stable and some of them declined.

The banking situation was relatively stable and the people's livelihood continued to improve. By the end of September, savings deposits in banking organs totalled 100.6 billion yuan, an increase of 15.9 billion yuan over the beginning of the year; and various sorts of loans totalled 130.59 billion yuan, an increase of 15.99 billion yuan over the beginning of this year. Thanks to the bumper agricultural harvest during the last two years, this year's average per-capita net income for peasants may reach 820 yuan. It is expected that the increase will be 5.6 percent greater than the previous year. During the previous nine months, the cash wages of workers in cities and towns increased 11.6 percent.

All in all, the national economy of our province is developing continuously in a good direction, and all economic activities are being carried out normally. According to the current growth rate, it is possible for us to fulfill the state-assigned major national economic targets. One thing which we must particularly point out is that through three years of improvement and rectification, inflation has been controlled, the commodity price index has gradually declined, the agricultural foundation has been strengthened, the shortage of energy has been alleviated, the open policy has been implemented, and export foreign trade has increased constantly. The conclusion of basically fulfilling the major tasks of improvement and rectification through three years of common efforts of the whole party and the people across the country, which was proposed by Comrade Li Peng at the central work conference conforms to Liaoning's reality. However, we must also sober-mindedly recognize that Liaoning's achievements in rectification have lagged behind to a certain extent with the whole province, the degree of economic improvement is not as good as most of the provinces and cities in the country, and the problems left over in the course of improvement and rectification are fairly great in number. The contradictions of irrational production set-up and product mix remained very prominent, the situation of poor input-output efficiency showed no great improvements, and the difficult financial situation witnessed no great change. Although we have made certain achievements in clearing up "debt chains" during this stage, "debt chains" have still

remained a major problem affecting our economic life. The guiding ideology for economic work in particular has not been realistically channeled to the path of relying on scientific and technological progress, and on expanding production by upgrading technology and tapping internal potential, strengthening management, and raising economic efficiency. Therefore, in addition to fully recognizing the fact that the whole province's economic situation is gradually developing in a positive direction, we should also fully understand that the economic situation has remained fairly severe. We still have to exert strenuous and unremitting efforts to successfully carry out our work with a rectification spirit. At the central work conference, Comrade Li Peng pointed out: "As far as leading cadres at all levels are concerned, it is better for them to treat difficulties and problems seriously, because this may make them more clear-minded, and enable them to properly handle problems on their road of advance and to do all fields of work well." This has told us that in analyzing the situation, we must fully estimate the difficulties and problems, and mobilize the upper and the lower levels across the province to pool their wisdom and effort to successfully carry out Liaoning's economic work. Our province's contradictions and problems in economic work were mainly manifested in the following four aspects:

First, the situation of decline in economic results has not been fundamentally changed. As compared with the same period of 1990, during the January-September period, the province's industrial output value accumulated by enterprises at or above the township level showed a 7.5 percent increase. However, the output value of the state-run large and medium-sized enterprises showed a 4.6 percent increase that is lower than the average level of the province. In particular, economic results have always been low. During the period, profits earned by the industrial enterprises throughout the province, whose products are covered by the budget, showed a 14 percent increase over the same period of 1990. By excluding the profits made by the Anshan and Benxi iron and steel companies and the Liaohe Fertilizer Plant, these industrial enterprises still suffered 197 million yuan of losses. The cost calculated in terms of comparable products surpassed the spending quota by 900 million yuan. The number of money-losing enterprises reached 957, an increase of 34 over the same period of 1990. The rate of their losses was still 53.5 percent. The newly increased volume of losses reached 1.14 billion yuan. Funds occupied by the delivered commodities and ready-made products have still been on the high side. By the end of September, the volume of the "three occupied funds" reached 27 billion yuan, a 5.35 billion yuan increase over the same period of 1990, and was more than the increased volume of output value. The fact that production and economic results do not correlate represents the prominent problem of industrial production.

Second, the strained situation in financial revenues and spending has not been fundamentally improved. During the January-September period, the province realized 9.64 billion yuan of local financial revenues. Although

they showed a 9.7 percent increase over the same period of 1990, the province actually returned 810 million yuan to grain enterprises because they had newly suffered 2.06 billion yuan of losses. The province still has to return 1.25 billion yuan to them. In addition to the accumulated returning funds and subsidies, the province should assume the high financial burden of 2.83 billion yuan only in grain purchases. The province's new deficit for the year is 1.92 billion yuan and its annual deficit may reach 3.78 billion yuan plus its accumulated deficits of 1.86 billion yuan. In putting these deficits together, the province's financial burdens will reach 6.61 billion yuan by the end of this year. If we take into account the factors of the reduced base and the supplemental taxes and profits of the Anshan Iron and Steel Company, the province may somewhat relieve its burdens, but its burdens will not be less than 5 billion yuan. The heavy financial burden has almost led to the province being unable to run its economy. Meanwhile, spending has not been curtailed. During the January-September period, the spending of administrative undertakings was 3.75 billion yuan, a 9.4 percent increase over the same period of 1990. Of this spending, that of administrative management showed an 11.5 percent increase. Of 44 counties throughout the province, 36 are relying on financial subsidies. Not only is the rate of subsidies to these counties far above the national average level, but also the annual subsidy volume to every county and their spending level are showing more than a 1-fold increase over the national average level. Although the annual subsidy volume reaches more than 400 million yuan, these counties have been quite strained in their financial affairs because of their high spending. Some of them still cannot ensure their expenditure of wages bill.

Third, the problem of outdated enterprises has been quite prominent. Of 976 large and medium-sized enterprises throughout the province, 62 percent of them were built before the 1950's. Although they have grasped technical renovations over the past few years, their results in renovations have not been ideal. The major equipment of 7.3 percent of key industrial enterprises in the province is at international advanced levels, 5.7 percent lower than the national average; and 18.3 percent is at national advanced levels, 3.5 percent lower than the national average level. The net value rate of fixed assets throughout the province is only 64.5 percent, 4 percent lower than the national average level. The quality and function of more than a half of industrial products are at the national general level or the backward level. Not only is the problem of outdated equipment, crafts, and technologies serious; but the capability of enterprises in self improvement and development is very low. The accumulated losses revealed by the end of August, caused to industrial enterprises whose products are covered by the local budget reached 3 billion yuan, their hidden losses reached 2.2 billion yuan, their welfare spending surpassed the spending quota by 2.4 billion yuan, and their loans that had not been repaid reached 6 billion yuan. These four losses and debts total 13.6 billion yuan. In addition to the possible losses caused by

the occupation of "three funds," this figure will certainly be surpassed. The retained profits of enterprises have been the lowest over the past 10 years. Their per capita profit is only 171 yuan, and that of large and medium-sized enterprises is only 247 yuan. In such a situation, these enterprises are almost unable to maintain their simple production.

Fourth, production structure and product mix were not rational enough. Despite fairly great development in the past few years, the foundation for agriculture was still very weak; the circulation of commodities and tertiary industry remained a weak link in the economy; and the long-standing situation in which industrial enterprises produced many low-grade, primary, and outdated products and few products with high technological added value, refined products, finished products, and readily marketable new products had yet to be notably changed. The products of more than half of our enterprises were 20, 30, or even 40 years old, lacking a competitive edge. The slow turnover of funds reached an astonishing level. According to a spot investigation of 60 industrial enterprises in the first half of this year, the average period for the turnover of funds was as long as 383 days. In some of the enterprises, it exceeded 1,000 days, and the longest was 1,340 days. The capacity of provincial-level departments for macro regulation and control was very weak and it was very difficult for them to pool efforts. This directly affected economic development, continuously downgraded Liaoning's economic ranking in the country, and made most of its economic and technological norms of industrial production obviously lower than the national average.

Reasons for these problems were numerous, but the most basic was that we failed to firmly embrace the idea of taking economic construction as the central task; did not do enough in emancipating our minds; and lacked a good mental outlook, a realistic spirit, and a spirit to overcome difficulties and take the forward path. The provincial party committee and government should hold the major responsibility for this and we should summarize experiences and lessons successfully. Meanwhile, we should also profoundly understand that the difficulties and problems in Liaoning's economic work were the result of long-standing restrictions and the action of numerous factors and can never be resolved within a short period of time. It will take a fairly long period of hard effort and arduous struggle to fundamentally change the passive situation in Liaoning's finance and economy. This conclusion is reached by considering the strategic arrangements. In carrying out specific work, however, we should have a strong sense of responsibility and urgency and be mentally prepared for racing against time. We should fully note that our economic construction has proceeded in the complicated international situation. The current international situation has witnessed major changes unheard of since World War II. The old pattern has been abandoned but the new has yet to take shape. We must remain clear-headed to make our own work successful. The most important thing is to

promote economic construction to enhance the material foundation for opposing peaceful evolution. This is an important task concerning the future and destiny of socialism and we must never take it lightly.

2. Priorities of Next Year's Economic Work

Based on the provincial situation, the provincial party committee and government have clearly defined the guiding thought for and strategic priorities of economic development for the Eighth Five-Year Plan and the next 10 years. They are "four priorities and one precursor"—actively developing agriculture and strengthening its fundamental position; accelerating the technical transformation of old enterprises and invigorating large and medium-sized enterprises; developing urban and rural collective economies and accelerating the development of township enterprises; opening to the outside world more quickly and developing the export-oriented economy; and taking scientific and technological advances as the precursor. Such an economic development strategy is totally correct. However, judging from the situation in practice, the impeded circulation of commodities in the province has restricted economic development. Therefore, it is necessary to add the important link of "enlivening circulation" to the strategy. The general guiding thought for next year's economic work is to continue to carry out the four strategic priorities, the one precursor, and the one important link in line with the economic development strategy put forward by the provincial party committee and government, place the endeavor to improve large and medium-sized state enterprises in a prominent position, emancipate our minds and change our ideas, deepen reform, accelerate technical transformation, strengthen management, and truly shift the focus of economic work to adjusting the structure and raising efficiency so as to facilitate a healthy development in Liaoning's economy.

A. We should ceaselessly intensify agriculture's role as the foundation of the economy, and promote grain production to a new level.

Liaoning is a big industrial province and a small agricultural province. We must never be blindly optimistic with just two years of good agricultural harvests. We should fully understand that vigorously developing agriculture is extremely important to the province's long-term development, and to alleviate the current economic difficulties. Low and unstable grain production, the major ups and downs in grain production, and the failure to become self-sufficient in grain are prominent problems relating to the province's grain production. These problems are partially due to the poor agricultural production conditions and partially due to the malpractice in the grain management system. Our province annually purchased more than 1 billion jin of grain at higher prices, and annually subsidized 4 billion yuan of funds for grain and foodstuffs. The current grain management system, where the purchase of grain is separated from the grain subsidies and the purchasing prices are higher than the marketing prices,

affects the production enthusiasm of the areas that market grain to other places. The areas that purchase grain from other places also do not have the enthusiasm for reducing the grain purchasing volume. The money-losing grain enterprises, which are subsidized, do not have the enthusiasm for reducing their deficits. If these problems are solved in a step-by-step manner, finance will be able to lighten its burden. According to the conditions of the province, the provincial party committee and the provincial government maintained that the province will possibly become self-sufficient in grain with the efforts in the next three to five years. We should have this confidence. To realize this target, from now on, we should take the path of all localities increasing grain production, some reducing the grain marketing volume, some reducing the grain purchasing volume, and helping grain enterprises reduce deficits. Next year, the province should strive to turn out 15 billion kg of grain. Therefore, cities and counties should work out their own fighting targets, and should bravely take on burdens. Through efforts, some cities should gradually strike a balance between grain demand and grain production. To this end, we should strive to improve production conditions, persistently and comprehensively develop agricultural production and farmland water conservancy projects, and upgrade the standards for combating waterlogging and drought. Next year, the province should continuously increase 1 million mu of irrigated areas. Farmland on the slopes at or above 25 degrees should gradually be built into a level terraced field. We should vigorously advocate scientific farming techniques. Next year, we should expand plastic sheds on 1.5 million mu on the premise that the policy of subsidizing 10 yuan to per-mu land will not be changed. We should vigorously develop intercropping, increase the multiple crop index, and ensure the planting of wheat on 3 million mu and the planting of cotton on more than 1 million mu. It should be pointed out that in past years, the grain consumption volume of the dwellers was reduced in a step-by-step manner due to the improvement of the living standards and the change in the food structure. The enterprises' labor intensity was reduced to varying degrees and there was noticeable potential for reducing the marketing volume. Liaoning suffered heavy burdens formed by the high-quota grain purchasing rate in past years. This seriously affected the peasants' enthusiasm for growing grain. By reducing both marketing and purchasing volumes, we can use the funds saved to develop production. Only by so doing will we be able to do a lot of great things. The province decided to reduce the grain purchasing quota by 500 million kg this year, and strive to make a new stride in this regard in 1992 if conditions permit. Therefore, we should be determined to solve the problems cropping up in the course of implementing the current grain management system, such as the separation of grain purchase from grain subsidies, excessively high grain consumption volume, more deficits of grain enterprises, and excessively high subsidies. Through preliminary consideration, the province decides to carry out a system of linking grain purchase with grain subsidies. Under this system, the province should assume responsibility for cities, continuously give the same amounts of subsidies

for cities to help develop production, and encourage cities to become self-sufficient in grain. Cities should adopt similar methods toward counties. The provincial government has asked the provincial Financial Office to organize relevant departments and special groups to immediately engage in study and rapidly work out programs for implementing the system. The system will be promulgated through the discussion of the provincial government.

While doing a good job in increasing grain output, reducing the export grain marketing volume, and cutting the import grain purchasing volume, we should continue to develop diversified undertakings; strive to seek economic efficiency from the development of barren hills, slopes, and beaches; improve ecological balance, actively develop ocean resources, and promote overall development in various trades in the rural areas. In rural work, at present, we should do a good job in estimating the grain output, and pay attention to the work of preparing funds as well as transport and storage facilities for the purchase of agricultural and sideline products and of invigorating sales. Banks, grain and foreign trade departments, and the supply and marketing cooperatives should maintain close cooperation to guarantee that peasants will increase production and income. We should make special efforts to implement the guidelines of the speeches of the State Council leading comrades given at the propaganda-week activities on cherishing and saving grain, mobilize all social sectors to actively conduct grain conservation activities, and reduce grain losses and waste to the lowest level.

B. We should accelerate technological transformation and rejuvenate old industrial bases. The outdated equipment, methods, and technology of enterprises have determined that we must place the priority of invigorating Liaoning's economy on accelerating technological transformation and rejuvenating old industrial bases. In a certain sense, the rejuvenation of Liaoning's economy is determined by whether noticeable results can be achieved in technological transformation. The state has issued many preferential policies in this aspect. It is now a golden opportunity for us to accelerate the technological transformation of enterprises. The provincial production committee should cooperate with relevant departments to readjust and improve the technological transformation plan for the Eighth Five-Year Plan in accordance with the ideas for economic development set by the provincial party committee and the provincial government, and should issue it to the lower levels for implementation as quickly as possible. During the Eighth Five-Year Plan, the state has initially arranged 35 billion yuan for technological transformation of our provincial local state-run enterprises. Next year, our province plans to arrange 7.4 billion yuan for this purpose. In technological transformation, we must pinpoint the priorities; pay attention to actual results; and exert efforts to increase product varieties, improve product quality, achieve improvements, and raise product competitiveness and economic efficiency. In addition, we should also pay attention to make good and flexible use of the special technological transformation funds which the state has

given to our province, and strive to achieve noticeable results in our province's technological transformation within a short period of time.

C. We should firmly implement all policies to promote sound development in the industry of counties, districts, townships, and villages.

Successfully running state large and medium-sized enterprises was the main subject of the central work conference, as well as the priority of our province's economic work. However, we should proceed from the situation of Liaoning Province, and never forget or neglect the economic development of counties, districts, townships, towns, and villages while handling large and medium-sized enterprises. At present, the development trend of our province's urban and rural collective economy, particularly the development of township enterprises, is good and hard-won. We must treasure, consolidate, and develop this trend, and must not give up our efforts halfway. We may say that the objectives for promoting the industrial development of counties, districts, townships, towns, and villages is explicit; the exact details are clear, and the measures are specific. The crucial issue involved is to see how we implement them in places where needed. We should continue to implement the "221" demonstration project; improve the preferential policy of urging large and medium-sized enterprises to help and guide enterprises in counties, districts, townships, and villages; and try our best to produce domestically those products and parts which we have to purchase, process, or order from other places outside the province. Strenuous efforts should be made to select some good enterprises, items, and products from the existing township enterprises, give them necessary support, and cultivate a batch of small-scale giant enterprises. We should continue to send cadres to townships and towns to serve as deputy heads to take charge of industrial work, actively popularize the experiences of Shenyang Electric Cable Plant and Dalian Refrigerator Plant, and pay simultaneous attention to helping and guiding township enterprises and carrying out technological transformation in old enterprises. We should relax control over scientific research organs and give a free hand to scientific and technical personnel; actively promote cooperation between township enterprises and scientific research units, and between institutions of higher learning and scientific and technological garden zones; and promote the production of patent products, high-tech products, and foreign exchange-earning products, encourage scientific and technical personnel and retired technical cadres and workers to township enterprises to display their skills and serve the development of township enterprises. We should realistically strengthen leadership over township enterprises. In addition to consolidating and developing this good trend, we must also pay attention to blindness in action, and prevent and solve the problems of low management level, stockpiling of products and manufactured goods, and the default in payment of "debt chains" existing in township enterprises at present.

We should upgrade the capability of counties and townships in running their financial affairs independently through the development of town-run enterprises. Under the province's current financial hardship and difficulties, counties under cities' administration must change their former method of "always receiving subsidies" and enhance their function of "creating financial resources" at the county level. The fundamental way to deal with the "practice" of having more counties waiting for subsidies than those developing financial resources themselves lies in deeply engaging in the research of intermediate economic ideals and accurately learning ways to economically develop cities or counties. Counties under cities' administration should encourage or help other counties develop or enhance their economy and support them to end their poor outlook independently, to become wealthy, and to feel glorious in becoming wealthy. We should strive to enable the overwhelming majority of counties that are relying on subsidies to end their losses during the Eighth Five-Year Plan. We should not withdraw the gradually reduced subsidies that should be used for developing the economy at the county level. Meanwhile, various counties should do a good job in dealing with the problem of overlapping or overstaffed organs, reduce their financial spending, and truly achieve developing more financial resources and curtailing the outlet.

D. We should enhance the open policy and strive to increase foreign exchange through exports.

Over the past few years, our province has made greater progress in opening to the outside world. This has played an important role in relieving the contradictions in the programs for improving the economic environment and rectifying economic order and in accelerating the economic revival. However, our province still lags behind other coastal provinces and cities in this regard. We should overcome self-satisfaction and the idea of "just about right," correct the wait-and-see attitude, emancipate our minds, become bolder, enforce the policies more flexibly, accelerate our pace in this regard, and move the open policy in our province onto a new stage. In 1992, the province's foreign exchange earned from exports should reach \$3 billion, and the province should strive to realize more than \$3.5 billion. I do not have to repeat the issue of how to develop the export-oriented economy, because it has been arranged with specific measures at the fourth provincial work conference on opening to the outside world, which has just concluded.

E. We should uphold science and technology as a guide and actively promote the work of turning the scientific research results into productive forces.

The reason we have regarded science and technology as a guide in developing the province's economy is that the strategic focal points of developing agriculture, conducting technical renovations, boosting large and medium-sized enterprises, developing town-run enterprises and various industries and trades, and opening to the outside world, cannot be separated from science and

technology. In conducting economic work, we must firmly foster the thinking of regarding science and technology as primary productive forces. We should integrate science and technology with economic and social development. We should bring into full play the role of more than 1,200 scientific research units and higher educational institutions of various kinds and at all levels, of 1.5 million natural and social scientific personnel, of more than 1 million retired scientific and technological personnel and technical workers, and of more than 4,000 scientific and technological results each year, in rendering service for making the province flourish. We should also continuously deepen reform in scientific and technological systems, uphold the orientation, consolidate the results, stably push scientific and technological progress forward, and integrate reform with development. Strenuous efforts should be made to develop high and new technologies and to accelerate the industrialization of scientific results. A good job should be continuously done in "having science and technology make agriculture flourish"; in emphatically carrying out the "123 projects," the "Spark Plan," and the "bumper harvest plan"; and in popularizing on a large scale the responsibility system undertaken by the agricultural scientific and technological groups. We should actively push enterprises to make technical progress. We should formulate policies to encourage enterprises to integrate themselves with scientific research units and to become a beneficial community with these units in developing new products and technologies. We should continuously enforce the opening policy and relax restrictions on scientific and technological personnel and retired technical workers so as to enable them to play a greater role. The deeper we understand the issue, the earlier we grasp the issue, and the more we enliven the issue, the faster we will develop productive forces in Liaoning. At present, special attention should be paid to having leading personnel at all levels resolutely attach importance to scientific and technological work, enhance their sense of science and technology, deal with the problem of a large-scale brain drain, and enable the scientific and technological results to be turned into productive forces in the province as much as possible.

F. We should further enliven the circulation of commodities and greatly develop tertiary industry.

Circulation is an important part of entire social production and a bridge linking industry with agriculture, urban areas with rural areas, and production with consumption. Production is decided by circulation, which in turn reacts to production and plays a decisive role in it in certain conditions. The frequent difficulties in purchasing and selling farm products, the serious stockpiles of industrial goods, and the increase in debt defaults in the province over the past few years have directly resulted from the inflexible means of marketing in addition to the problems in product mix and quality, the immature market, and the imperfect circulation system. We should make resolute efforts to overcome the old habit of stressing production to the neglect of circulation,

embrace the concepts of large-scale commerce, large-scale market, and large-scale circulation compatible with the planned commodity economy, and attend to circulation as we do to production. In particular, we should establish and cultivate the market system and successfully open various special markets. We should emphasize the establishment of grain wholesale markets, ginseng and pilose antler markets, and special markets for bearings in the near future. Meanwhile, we should actively open the special markets for rolled steel, plastics, chemical fiber, and silk, and consolidate and develop those for vegetables, garments, fruits, and aquatic products. We should persist in the open way in establishing various types of markets, rationalize the difference of prices in the various links of circulation, decontrol the prices of some commodities in a timely manner, decontrol the prices of such nonstaple foods as pork and vegetables, and reduce the import of pork from other provinces. In developing and improving the market system, we should develop state, collective, individual, and private enterprises and enterprises jointly run by households and encourage the coordinated development and competition on an equal footing of the various sectors of the economy.

To enliven circulation, we should do a good job in transportation. Judging from the overall situation, Liaoning's transportation is fairly developed. But the difference between advanced and backward localities of the province is very large, which directly affects Liaoning's economic development. The fact that many counties in east, west, and north Liaoning have only unpaved roads is incompatible with Liaoning's status as a large industrial province. In developing transportation, it is necessary to give prominence to key projects and allow some localities to develop ahead of others. However, giving priority to a few localities in a lopsided manner and making the developed localities more developed without providing timely help to the undeveloped localities are very harmful to the overall economic development of the province. We should straighten out the guiding thought for developing transportation. In the future, the priority of transportation development should be given properly to east, west, and north Liaoning. Pertinent departments should work out plans to pave the roads between counties and between key townships of east, west, and north Liaoning, repair as soon as possible the two roads designed to transport more off-loaded goods out of the harbor to increase its handling capacity, and improve the coastal roads from Dalian to Dandong. While intensifying efforts to build roads, we should also accelerate construction of small harbors and wharves to develop water transportation.

What should be emphasized is that conscientious efforts to carry out the work concerning the four strategic priorities, one precursor, and one link are very important to providing very good external conditions for improving large and medium-sized state enterprises and invigorating them. Some aspects of the work are necessary in our endeavor to improve large and medium-sized enterprises.

3. Improve Large and Medium-Sized Enterprises

Large and medium-sized state enterprises constitute the mainstay of the national economy, major source of the state revenues, and chief material foundation for the socialist system. They play an irreplaceable role in socialist modernization. At the central work conference, Premier Li Peng pointed out that in carrying out economic work for next year and several years to come, it is necessary to give prominence to the endeavor of invigorating large and medium-sized state enterprises and raising their economic efficiency. He also emphasized that we should understand the important significance of the endeavor to improve large and medium-sized enterprises from the perspective of guarding against peaceful evolution and consolidating and developing the socialist system. This clearly tells us that improving state-owned large and medium-sized enterprises is not only related to the sound development of the economy but also to the consolidation of the socialist system and the enhancement of the material foundation for preventing peaceful evolution. Liaoning is a province where large and medium-sized enterprises are concentrated. Whether the large and medium-sized enterprises across the province are full of vitality directly affects the entire nation's overall situation. We must adopt overall coordinated measures for grasping the great matter that affects the success of socialism.

Since the implementation of the reform and opening system, party committees and governments at various levels have done much fruitful work in rejuvenating state-owned large and medium-sized enterprises, made some achievements, and acquired some good experiences. Some enterprises have constantly considered the markets at home and abroad as their guidance to ceaselessly develop new products, regarded product quality as their life, developed production in line with market demands, changed their product mix in line with the demands of consumers, flexibly changed their market tactics according to the changing markets, firmly gained the initiative in sizing up the market situation, and registered an increase in their economic results. Some enterprises have accurately handled the relationship between internal conditions and the external environment, between short-term interests and long-term interests, and between the interests of the part and those of the whole; set their sights on long-term development; looked inward to tap potential; and made new progress every year. Some enterprises have constantly paid attention to displaying the working class role of masters, relied on the unity of leading bodies to pioneer undertakings, and relied on the diligent performance and administrative honesty of principal leaders to rejuvenate the economy. They aroused the enthusiasm of the vast number of cadres and workers, ceaselessly strengthened management, and continuously improved their management situation. These good examples helped pioneer new ways and create experiences in improving large and medium-sized enterprises. The majority of large and medium-sized enterprises in the province still have a long way to go to attain the six standard requirements for

improving large and medium-sized enterprises as set forth at the central work conference. The number of good, mediocre, and poor enterprises across the country is about the same. But, of the 976 large and medium-sized enterprises in the province, 20 percent are good, 40 percent are mediocre, and 40 percent are poor. An analysis of 828 enterprises shows that in the first half of this year, the enterprises earning more than 1 million yuan apiece in profits numbered 182, only 22 percent; enterprises earning less than 1 million yuan each in profits totaled 257, or 32 percent; and 379 enterprises, or 46 percent, suffered losses. In the first eight months of this year, enterprises at or above the county and district level suffered 2.79 billion yuan in losses. Of this, large and medium-sized enterprises suffered 2.05 billion yuan in losses, accounting for 73 percent. If these enterprises are measured according to the six standard requirements, only a few really did a good job. There are many reasons for the failure to rejuvenate large and medium-sized enterprises. First, enterprises themselves did not have a strong sense of the commodity economy. With the long-term influence of the pattern of the product economy, large and medium-sized enterprises basically relied on plans to develop production; relied on the unified plan to gain raw materials and market their products; and had prominent problems in terms of production being superior to circulation, speed being superior to efficiency, short-term interests being superior to long-term interests, the increase in input being superior to science and technology, and honor being superior to credit. Second, enterprises exercised extensive and complicated management, had the phenomena of serious waste and losses, and registered low output from high input. Third, some leading bodies were not effectively united, suffered the phenomena of serious waste, and failed to develop unity. Fourth, the enterprises' internal reform progressed slowly. At present, some enterprises still carry the "iron bowl," suffer the phenomena of "everyone eating from the same big pot," are over-staffed, and have low work efficiency. There are some problems in enterprises' external environment. First, there is a normal technological transformation mechanism. Enterprises have neither motivation nor pressure to seek technological progress or to update and upgrade their products. Some even refuse to collect funds for developing new products, to increase the depreciation funds, or to replenish the circulation funds. As a result, the "three old and two poor" problems have not been solved for a long time.

Second, the failure for various reasons in fully implementing the decisionmaking powers in production, management, employment, prices, and export that the state issued to enterprises and the ineffective checking of "random levies of fares or fines and forced donations" placed extra heavy burdens on enterprises. Third, the failure in relatively establishing the macroeconomic regulation and control system of provincial-level departments and the defects in Liaoning's own systems made it difficult for us to implement many good methods, to achieve coordination comprehensively, and to make

rapid progress in establishing enterprise groups. To date, most of the enterprises have still remained large enterprises with small production, or enterprises large in scale and complete in structure or small in scale and complete in structure, failing to achieve the best efficiency. In the future market competition, they may be defeated one after another and will be in a very unfavorable position.

In line with the guidelines of the central work conference, to run our province's state large and medium-sized enterprises well, we must emancipate thinking, change concepts, enhance spirit, dare to come up with new ideas, work in a down-to-earth manner, consider economic efficiency as a central task, continue to deepen reforms, rely on scientific and technological progress, accelerate technological transformation, readjust product mix, strengthen enterprise management, enable enterprises to gradually become independent socialist commodity producers and managers assuming sole responsibility for their own profits and losses, and strive to make enterprises attain the six standards as quickly as possible.

A. We should resolutely implement the state-stipulated 12 policy measures and strengthen the development momentum of enterprises.

Finally, when we talked about invigorating enterprises, many comrades would say that the higher levels did not give them policies. Now the state has formulated 12 policy measures. We have to see whether all localities, departments, and enterprises have the courage to implement them, knowledge to implement them, and are capable of implementing them. This May, the State Council issued 11 policy measures. We tried them in 384 enterprises covered by the budget. According to estimates, after the implementation of the policy of increasing the collection of "three funds," the number of money-losing enterprises will increase from 17 percent to 44 percent, and financial revenue will show a decline of 200 million yuan. The provincial party committee and the provincial government have decided that they would rather suffer increasing deficits, declining financial revenue, and hunger and would rather beg for food than fail to implement it. Judging from this practice, the results of implementing this policy are not satisfactory. As of the end of September, only 190 million yuan out of the 749 million yuan of the "three funds" had been actually collected from 384 enterprises across the province. Of this, only 21.07 million yuan of circulating funds were replenished and only 39.18 million yuan of depreciation funds were collected. Why did this situation emerge? One of the important reasons was that our departments and enterprises lacked strategic foresight and feared that the decline in efficiency would affect the enterprises' reputation, that the decline in economic targets would affect workers' bonuses, and that deficits would affect the upgrading of enterprises. Some city and county governments feared that the implementation of this policy would affect financial revenue and that their food and necessary expenditures could not be guaranteed.

Thus, their attitude towards this policy was not enthusiastic. Therefore, they failed to collect funds for the development of new products, to collect depreciation funds, and to replenish the circulating funds they should. During the first half of this year, the technological development funds of large and medium-sized enterprises across the province showed no sign of increase. Instead, it declined by 18.3 percent. The funds for research and development also declined by 9.3 percent. In short, they have no courage to thoroughly expose the true situation of enterprises through the collection of "three funds." This trend is very dangerous. At this central work conference, after much consideration, the state added the 12th policy measure on the basis of the 11 policy measures for invigorating enterprises. This policy measure is to reduce the income tax rate of state industrial enterprises. It is not easy to make the decision to reduce the income tax rate of state industrial enterprises by 33 percent under the state's very difficult financial situation. According to an initial estimate, the implementation of this policy will affect our province's financial revenue by 290 million yuan, and our province will suffer more serious financial shortages. Through study, the provincial party committee and the provincial government have decided to implement it. Otherwise, enterprises will have no development momentum and Liaoning's economy will have no new way out.

In successfully implementing the 12 state policies and measures on enterprises, what is currently most important is that efforts are made to correctly deal with the relations between immediate and long-term interests and the relations between whole and partial interests. All enterprises and particularly the managers of enterprises must inform the broad masses of staff members and workers of this issue. The state has formulated preferential policies favorable for enterprises to achieve long-term development. The issue is whether enterprises should temporarily avoid implementing the policies in order to maintain their bonuses by suffering losses in their reserve strength of development or retain little or no bonuses in order to ensure their long-term development and the long-term interest of staff members and workers. Only by clearly presenting the reasons are we convinced that the broad masses of staff members and workers will be reasonable and support the implementation of these policies and measures. The key to dealing with this problem is whether our plant directors and managers can first end their ideological obstacle of only paying attention to immediate interests and short-term acts and can be good at conducting ideological and political work. Of course, the phenomenon committed by some enterprises of being unable to implement the policy by offering "three funds" is not a matter of understanding because they have suffered serious losses and had no capability in withstanding the offering. The provincial people's government will separately adopt measures to promote enterprises to implement in a down-to-earth manner as soon as possible the policy of increasing the offering of "three funds" and lowering the income tax rate. Enterprises that are able to implement

the policy must adopt resolute measures to implement it, and those that have refused to offer "three funds" should be criticized or educated. The management departments of enterprises should cooperate with the financial and banking departments to forcibly collect these funds. Those that have earned little profits and have been on the verge of losses or that might suffer losses or increase their losses after implementing the policy should have their base of contracts reasonably reduced to care for the wages and bonuses of staff members and workers. Enterprises that have suffered serious losses, had greater difficulties in implementing this policy, and had not belonged to those being closed, suspended, merged, and transferred will be treated by the provincial authorities taking a part from the 200 million yuan of the state's financial spending for our province to support them in implementing the policy and sharing the difficulties that various cities and enterprises have in offering "three funds" and reducing the income tax rate. All enterprises enjoying the policy should sign the letter of job responsibility with the authorities. Those that have not fulfilled the fixed targets should call the relevant leading personnel into account. Few enterprises that cannot survive after implementing the policy should be excluded from the namelist of 384 enterprises that have undertaken the pilot work in this regard. Collecting "three funds" and reducing the income tax rate represent important work for the policies. The current situation in formulating specific measures to carry out this work is complicated, and the difficulty of this work is large. Various localities and departments must study and analyze these enterprises one by one and adopt the "measures" of carrying out accounting and enforcing the principle in every plant. They should aim at dealing with specific problems so as to enable all enterprises that deserve to implement the policy learn the function of the policy, to feel proper in using the policy, to implement the policy well, and to refrain from implementing the policy perfunctorily. The reason the provincial party committee and the provincial people's government have made such a great determination in this regard is that they have followed the current situation in industrial enterprises throughout the province. They contend they have to give the opportunity of resting and building up strength to enterprises and to have a longer process of achieving development so as to enhance the capabilities of enterprises in self improvement and development. Our governments at all levels must face the difficulties encountered by enterprises and the reality that reforms are needed urgently, overcome the short-term acts in the long run, and refrain from concluding the work as soon as making a little achievement.

B. We should accelerate the pace of technical renovations among enterprises and vigorously develop products enjoying brisk sales.

Accelerating the pace of technical renovations represents an issue that the provincial party committee and people's government have recently and repeatedly emphasized. It represents not only the strategic focal point of

the province's economic development but also the most practical and fundamental way to successfully boost large and medium-sized enterprises. We must grasp this work firmly and successfully so as to enable Liaoning's old industrial base to regain its vigor. In conducting technical renovations, first, we should correctly and successfully deal with the relations between the newly built projects and technical renovations and uphold the principle of building few new projects and conducting more technical renovations. Even in arranging the items of technical renovations, we should also do a good job in dealing with the proportional relations between the investments in civil engineering and in technology and equipment. By no means should we actually engage in new projects in the name of technical renovations; we should ensure the future investments in the technical renovations by adopting advanced equipment and technologies to an extent of at least 60 percent.

Second, we should correctly handle the relationship between investment and output and make accurate decisions on technical transformation projects. In the past, people extensively complained about lack of money for technical transformation and lack of investment for developing new products. Now when we are implementing the State Council policy of issuing technical transformation loans based on the reduction of the funds tied up in stockpiled manufactured goods, our province still has a conspicuous problem. That is, some enterprises cannot propose good technical transformation projects. They still have many low-grade projects, projects of a similar structure, and projects to expand ordinary production and few projects that can produce high and new technology products, finely processed products, and products with high added value. Why is it that we have money but no practical projects? This lays bare our weak sense of commodity, market, and competition, lack of information, and failure to know how our products are sold on the domestic and world markets. It may be said that we know neither others nor ourselves. The projects we develop are either those to reproduce and extend the original technology and measures or those that lack a feasibility study. There is a great gap between the investment needed in these projects and actual possibility and the returns from the investment are very poor. Therefore, when selecting technical transformation projects in the future, we should emphasize efficiency and use the limited funds where they are most needed and never pay attention to investment to the neglect of efficiency. Third, we should properly handle the relationship between hardware and software in developing technical transformation. We should, of course, import some necessary advanced equipment to accelerate technical transformation but we should never attach importance to hardware to the neglect of scientific and technological development, product designs, technological improvement, and other software technology. The major reason for the current lack of competitive edges of the products and low efficiency of many enterprises lies in our product designs, technology, and science and technology management which lag behind

others rather than in our equipment. Therefore, we must coordinate technical transformation with technological development, technological research, and the endeavor to strengthen management and improve the quality of enterprises so that technical transformation will truly yield greater results.

We must give prominence to priorities when developing technical transformation. Next year we should particularly do a good job in concluding the projects for the Seventh Five-Year Plan so that they will be completed, put into operation, reach designed capacity, and yield returns as soon as possible; we should organize the initial work for the technical transformation projects concerning some major products and key enterprises listed in the Eighth Five-Year Plan to increase Liaoning's capacity for sustained economic development; we should arrange on a priority basis a number of projects of high technology content that require less investment and shorter construction period and yield more returns and efficiency and enable them to play a role in changing the current passive economic situation; we should develop a number of projects that develop intensive processing, are capable of greatly saving energy resources and reducing raw material consumption, and are conducive to comprehensive utilization; we should organize well a number of technical transformation projects which earn foreign exchange and produce import substitutes and which promote our opening to the outside world, foreign capital utilization, and development of the export-oriented economy; and we may also use foreign capital to accelerate the technical transformation of old enterprises. Meanwhile, we should coordinate technical transformation with the adjustment of product mix and the development of readily marketable products. In particular, we should make the best use of Liaoning's advantages of abundant natural resources and raw materials and a large proportion of primary products to greatly develop the intensive processing of products, produce finished products, increase the technological added value of our products, and improve the returns of our investment. This should be done with the guidance of the domestic and world markets and with improvement of economic efficiency as the focus. We should particularly develop a number of small commodity producing enterprises that require less investment and shorter construction period and that are of high levels and good efficiency. When they are developed well, they may expand and have a wide market. They will be what I previously called small-scale giant enterprises. Such projects need an investment ranging from several hundred thousand yuan to, at most, several million yuan. Even if the decision on such projects is wrong, the losses will not be great and it will be easier to take remedial measures. We should change once and for all the tendency of looking down on small projects. Our province currently faces a strained supply of funds and shoulders a heavy financial burden and its investment returns are poor. If we invest all our limited funds in the projects that will not benefit for many years, our economic work will become even more passive. We should free ourselves from the restriction of

past economic ideas, broaden our field of vision, abandon old concepts, develop more good projects that will bring about the fastest accumulation, provide favorable conditions for future development, and strive to establish a good image for a number of Liaoning's products within the shortest possible time. The province has decided to earmark a part of the special technical transformation funds allocated by the state every year as subsidies for interest payment to particularly support the projects that can yield the fastest returns.

C. We should deepen reform within enterprises and change their operation mechanisms.

We should fully affirm that Liaoning's enterprises have made very great achievements and created many good experiences in reform and have enhanced their vigor to a certain extent since reform and opening up began. We should also note, however, that problems such as the short term of contracts, the serious myopic behavior, and the substitution of contracts for management of enterprises, have emerged due to numerous factors. The phenomenon in which some reform achievements of enterprises were getting rusty emerged in the past one or two years. In particular, a mechanism for fully arousing the enthusiasm, initiative, and creativity of all people has yet to be established within enterprises. Leaving these problems unsolved, external conditions will never play their role, no matter how superior they are. We should solve the problems cropping in the process of reform with the methods of reform. The key to solving the problems in enterprises' operation mechanisms is to eliminate the "iron chair" for cadres and the "iron rice bowl" for workers, abandon the "common big pot" in distribution, and establish the mechanisms under which cadres can be promoted or demoted, workers employed or dismissed, and income increased or reduced as required. Only in this way can there be pressures, motivations, and binding force for enterprises to become more vigorous. The No. 5 workshop of Shenyang's Huaguang Bulb Plant lost 2.59 million yuan last year and again more than 400,000 yuan in the first three months of this year. In April, the plant employed managers through public bidding; granted the workshop full autonomy in personnel, labor, and distribution work; and applied some management mechanisms of the enterprises in the "three forms of ventures." As a result, its deficit declined by 750,000 yuan in less than a month. Practice has proven that to invigorate enterprises, we should extend the degree and increase the weight of reform. We should make continuous efforts to improve the contracted managerial responsibility system and increase and improve the contents and quotas of contracts in line with the six criteria for improving enterprises. The contract term should be extended properly to three to five years for ordinary enterprises. For those that have heavy technical transformation tasks, it may be extended to more than five years or to a period compatible with their technical transformation projects as much as possible. We should select a number of large key enterprises and groups to learn from the experiences of

the Shoudu Iron and Steel Complex and adopt the system of overall contract for input and output. We should apply the policy of giving before taking to these enterprises and properly reduce their contracted base quotas. From a long-term viewpoint, this is aimed at cultivating the sources of taxes and finance to eliminate our financial difficulties once and for all. We should conscientiously enforce the "enterprise law," improve the leadership system of enterprises, give further play to the role of party organizations as the political core, persist in and improve the director responsibility system, and rely on the working class wholeheartedly. We should learn from some of the mechanisms of the enterprises in the "three forms of ventures" that are conducive to the operation and management of socialist enterprises and boldly and resolutely reform enterprises' problems of "long bench," "iron rice bowl," and "common big pot" that prevail extensively. County and district industrial enterprises should actively bring in the operation mechanisms of township enterprises. Light industrial collective enterprises should study ways to restore the original features of collective enterprises and change their status as "second state-run" enterprises. From now on, new methods should be adopted in all new enterprises so that the defects of the existing enterprises can be eliminated. We should strive to create a situation in which everyone shows concerns for the management of enterprises, attaches importance to their benefits, and pays attention to their future and destiny and should truly rely on the working class to make socialist enterprises successful. While deepening enterprise reform, we should do a better job in the reforms of the housing system, social security system, price system, and monetary system.

D. We should do a good job in controlling production, reducing stockpiles of products, and promoting sales to facilitate the adjustment of enterprise structure.

Controlling production, reducing stockpiles of products, and promoting sales are the important measures for facilitating the adjustment of product mix and enterprise structure; avoiding random production; reducing loss and waste; and ensuring a sustained, stable, and coordinated economic development. They also constitute an important policy for linking the issuance of technical transformation loans to the reduction of the funds tied up in stockpiled manufactured goods and accelerating technical transformation. If the funds tied up in stockpiled manufactured goods are not reduced, investment in technical transformation cannot be guaranteed and it will be impossible to accelerate technical transformation. In the first nine months of this year, Liaoning's industrial output value grew by 7.5 percent, which was not a low growth rate. At present, the key is to achieve good efficiency. The higher the growth rate without good efficiency is, the more serious problems will become. In the last two months of this year, we should achieve success in limiting production and reducing stockpiles of goods even if we have to lower the growth rate. All localities, departments, and enterprises should properly

handle the relationship between growth rate and efficiency, resolutely correct the lopsided emphasis on pursuing high growth rate, and adopt every possible means to increase efficiency. As has been learned, some trades and enterprises did not limit production and, on the contrary, their stockpiled goods show increases. The stockpiled goods of the textile, light industrial, electronic, and other trades had increased by 228 million yuan by the end of August, accounting for 93.4 percent of the increased amount of the province. The province had planned to reduce stockpiled products by 1.87 billion yuan this year but the stockpiled products were reduced by merely 380 million yuan by the end of September. This showed that our work to limit production and reduce stockpiled goods was not done enough. If this problem is not solved and products continue to pile up in large amounts, we will be unable to spare funds and equipment for developing new products and we will have no financial resources for the technical transformation of enterprises. In this way, linking the issuance of technical transformation loans to the reduction of funds tied up in stockpiled manufactured goods will become an empty word. In addition, when stockpiles of goods are not reduced and products continue to pile up, "debt chains" cannot be thoroughly broken and the situation in which money is borrowed immediately after some debts are repaid will become unavoidable. As a result, the requirement for establishing a normal monetary order and strictly enforcing the discipline for final accounts will not be met and, ultimately, enterprises will have difficulty in truly getting rid of the "debt chains." All localities should inspect enterprises one by one on how they limit production and reduce stockpiles of goods. Regarding those which have continued producing the products which pile up immediately, we should order them to stop production right away. We would rather issue wages alone without carrying out production than waste the essential elements for production. Regarding those which plan to limit production, we should see to it that they fulfill the plans strictly. Regarding those which continue producing stockpiled goods, we should stop issuing bank loans and supplying production elements to them. We should truly close down the enterprises with serious problems, make resolute efforts to reduce the excessively high amount of funds tied up in stockpiled manufactured goods, and strive to ensure the production of readily marketable products, suspend the production of the products which have been unsalable and overstocked for a long time, and limit the production of the oversupplied products of average sales which have piled up in large amounts. We should achieve success in increasing the production of 105 readily marketable products, controlling that of the products of the 55 major categories, and reducing the stockpiled goods of 155 key enterprises in the near future. We should close down, suspend the production, merge to others, and change the production lines of 29 enterprises in an active and prudent manner. Mayors and department directors should hold the responsibility for this work. They should both reduce the funds tied up in stockpiled manufactured goods and ensure basic social stability. Regarding

the enterprises which have suspended production totally or partly, we should, on the one hand, use the unemployment insurance funds to ensure the basic living expenses of workers, and on the other hand, organize workers to seek new avenues for production.

We should accelerate the adjustment of the organizational structure of enterprises. We should make it clear that invigorating large and medium-sized enterprises does not mean to invigorate all large and medium-sized enterprises. It means to ensure and invigorate some enterprises and reduce and close down others. We should concentrate efforts to invigorate those which should be invigorated by closing them down, suspending them, merging them to others, and changing their production lines. Of course, closing down, suspending, merging, and changing the production line of enterprises is the work concerning social stability which will create some contradictions, problems, and even risks. However, if this work is not carried out now, we will face greater risks, contradictions and problems in the future and will pay more dearly for it. When this work fails, improving large and medium-sized state enterprises will be out of the question. For this, governments at all levels and all departments should be steadfast in ideology, effective in measures, and resolute in action. They should accelerate the readjustment of the organizational structure of enterprises in line with the principles of closing and suspending as fewer enterprises as possible and merging and retooling as many enterprises as possible. They should accelerate the organization and building of enterprise groups. Experiences in economic development have repeatedly proved that all competitive products have an appropriate scope of production; without an appropriate scope of production, a product will be uncompetitive. However, there are relatively more enterprises in the province producing the same categories of products, and thus the forces of enterprises have been scattered. As a result, they are unable to engage in mass production and to improve economic efficiency. There are two bicycle production enterprises in the province, and their total annual output is less than 1 million. There are four refrigerator production enterprises, and their total annual output is 80,000, accounting for only one-twelfth of the output of Wanbao Group in Guangdong Province. There are four color television production enterprises, and their total annual output is 440,000 sets, less than the annual output (500,000 sets) of one enterprise in Shanghai. This kind of problem exists in many products, such as numerical controlled machine tools, industrial boilers, water pumps, and motor cars. Therefore, we must break with the obstacles from all sorts of ideas, harmonize the relations of interest between different fields by proceeding from the overall economic situation of Liaoning, and energetically organize and build enterprise groups through the readjustment of product mix and technological transformation of enterprises. This year the provincial authorities should successfully build the Benxi Iron and Steel Group Corporation, the bearing group, and the cement export group; next year, the provincial authorities should again develop a number of

large, efficient enterprise groups with a high degree of intensive operation in order truly to enhance the competitiveness of major products and increase the scale and efficiency of major products. If our enterprises still scramble for the market with one another, still refuse to break the barriers between different regions and departments, and still prefer the monarch of a small region to the subjects of a big region, it will be very difficult to organize and build enterprise groups.

E. Large and medium-sized enterprises should consciously enhance the sense of commodity economy and take an active part in market competition.

A fatal weakness of the large and medium-sized enterprises that lack vitality is that they are weak in the sense of commodity economy, are vague in the concept of market, are either at a loss for what to do or completely unaware of the ever changing market and the ever developing demand in face of the sharp competition on markets, and are still intoxicated with being the "first" of the country and the "best" of the trades achieved a few years or even a dozen years ago. Such enterprises have no sense of urgency about overstocked products, deficits, and the case of living off their past gains, and always hope that their luck will come someday. Refusing to change such a "blind vision" about the market, it will be impossible to invigorate enterprises. Therefore, large and medium-sized state enterprises must be determined to make up for this missed lesson. Enterprises should first make clear what and how on earth they should do under the condition of the planned commodity economy. Central leading comrades said in the discussion of the central work conference: In running enterprises, there are disciplines of their own as well. Will it do without good products, high quality, low consumption, and high efficiency? This definitely tells us that enterprises are oriented to producing commodities and creating social material wealth. This task has decided that enterprises must focus their work on improving economic efficiency and must organize production in line with market demand. If enterprises pay no attention to studying the changes in demands, to developing new products, and to broadening markets in particular, they will certainly eliminate themselves and take the road to their doom. Managers of all enterprises, large and medium-sized enterprises in particular, must consciously embrace the sense of commodity economy and the concept of market, should approach the sense and the concept from the high plane of being responsible for enterprises and for the "rice bowl" of all their workers and staff members, and should consider marketing more important than production under the current situation in particular. Responsible departments of all enterprises should conduct planned training and education for factory directors and managers of large and medium-sized enterprises step-by-step to make up for their missed lessons with regard to market. From now on, the principal responsible comrades to be provided for the party, administrative, and trade union organizations of large and medium-sized enterprises should not only be

required to reach the strict political standards, but should also have their minds emancipated, have a pioneering sense, and be familiar with management and market. It will not do to stick to conventions and understand production and technology only. We should encourage and guide large and medium-sized enterprises to serve the market, study market management strategy, improve operational style, and develop diversified undertakings. Most of our large and medium-sized enterprises have produced only one kind of product. Once the market situation is changed, it is impossible for them to make changes. Almost none of the large and medium-sized enterprises in developed countries produce only one kind of product. All enterprises have engaged in inter-trade and diversified operations. By doing so, they can easily cope with market changes, and can achieve good results in at least one trade in which they engage. In addition to having many advantages for developing diversified undertakings, large and medium-sized enterprises may also increase production avenues and solve the problem of having too many surplus workers and running under capacity. In the future, all large and medium-sized enterprises should exert efforts to study market changes, and attain the goal of engaging in one industry but not to the exclusion of other industries, diversifying the economy, and using sideline production to supplement and promote the major industry, and doing business flexibly. The industrial, commercial, financial, banking, and planning departments should study and formulate measures and methods for encouraging large and medium-sized enterprises to engage in diversified undertakings and should mobilize the enthusiasm of enterprises.

We should exert efforts to grasp the sales of products. At present, the sales of products is not good, which is caused by such problems as the poor competitiveness of products and inflexible selling methods. Large and medium-sized enterprises must unceasingly improve operational tactics in line with market changes, strengthen the ranks of marketing personnel, improve selling methods, strengthen advertisement and publicity, render good after-the-sale service, extensively promote the contract responsibility system in sales focusing mainly on "assuming responsibility for sales, refunds, and expenses," and realistically boost the enthusiasm of salesmen. Commercial enterprises should maintain close cooperation with industrial enterprises, formulate preferential policies in line with the commodity economic law, give full authority over enterprise management, and actively organize manufactured goods to rural areas. All localities should make use of the favorable conditions of the current stable prices, and further implement the decisionmaking power of fixing prices among enterprises. The power to fix and report the prices to the higher level which have been withdrawn during the rectification period must be relatively readjusted along with changes in the economic situation, and what should be delegated to enterprises must be delegated to them in a timely manner; all localities and departments must not

withdraw the price management power concerning commodities whose prices have been adjusted under any pretext, and must realistically implement market regulation. Enterprises should implement the principle of fixing prices according to quality, and make good and flexible use of all policies concerning price differences. We must persist in implementing policies to encourage the sales of local products such as: Promoting joint operation and joint sales between industrial and commercial sectors; making commercial enterprises link their total payroll with their economic performance and issue wages to workers when they have fulfilled a certain proportion of sales of local products; allowing commercial enterprises to set aside a certain proportion of profits from their profit retention which they get from promoting sales of local products as funds for marketing activities and for rewarding outstanding personnel; and giving preferential treatment to provincial propaganda media that publicize provincial products.

F. We should take consolidation of enterprises as a breakthrough point to promote comprehensive improvement in enterprise quality.

The six standards on improving enterprises proposed at the central work conference, including competitiveness of products, technology development strength, ability to increase the value of assets, ability to cope with market changes, united and pioneering capacity of leading bodies, and cohesion of workers and cadres, have comprehensively set forth the basic demands for invigorating enterprises in various aspects, including economy and technology, production and marketing, immediate and long-term plans, and material and spiritual aspects; fully manifested the nature and characteristics of socialist enterprises; and set forth higher demands on large and medium-sized enterprises. These are the orientation for large and medium-sized enterprises to exert their future efforts as well as the yardstick for appraising large and medium-sized enterprises. All large and medium-sized enterprises should work hard to realize these six standards. The provincial party committee and the provincial government are organizing relevant departments to meticulously carry out their work qualitatively and specifically in line with the demands of the six standards and to enable their work to be carried out more easily and effectively. In the future, the whole province will organize enterprises, especially large and medium-sized enterprises, to strive to enter a higher grade in line with these standards. All localities and departments should work out plans for each and every enterprise, set standards for it, clarify the requirements it should meet every year to reach the standards, and make sure that the overwhelming majority of large and medium-sized enterprises meet the six standards during the Eighth Five-Year Plan. Through the activities to classify enterprises and set targets for them to attain, we should not only promote the adjustment of the product mix of enterprises and raise their economic efficiency but also facilitate a change in their guiding thoughts for economic work. In the specified six standards, industrial output

value is not the major criterion by which to measure enterprises. We should be determined to cast away the burden of output value, enhance the sense of efficiency, and gradually establish a new system to appraise the efficiency of enterprises which includes various economic and technological targets so that the quality of enterprises can be improved comprehensively.

We should continue to successfully rectify enterprise management. Previous initial rectification has begun to pay off in some enterprises. However, to most enterprises, weak basic management, lax labor discipline, relaxed quality control, chaotic financial, material, and product management, overstaffing, and low efficiency are still serious problems which must be solved with a firm determination. If we do not adopt resolute measures to solve them swiftly, economic efficiency will not be raised no matter how many policies are provided by the state and how favorable the external conditions are. Strengthening enterprise management requires little and even no investment. Pay close attention to it and we will get twice the result with half the effort. In this sense, management means efficiency and wealth. Therefore, large and medium-sized enterprises should firmly embrace the idea of achieving good quality, high levels, and good efficiency through strengthened management and, following the arrangements of the provincial government, continue to pay close attention to and make a success of enterprise rectification. In strengthening enterprise management, we should first rectify labor discipline and give prominence to "strictness" in the process of rectification. This means that we should be strict in on-the-spot management, in quality control, in material consumption, and in the accounting system. Large and medium-sized enterprises should continue to apply effective scientific managerial methods, such as target cost and value engineering, and good methods, such as the veto system in quality control, the system of achieving success at one stroke, and the system of cost management, to help raise economic efficiency. In strengthening enterprise management, we have decided to apply the system of responsibility by major responsible persons of city governments and departments in charge of various trades in an effort to better fulfill the tasks for the rectification of enterprise management.

Governments at all levels and departments in charge of various trades should give attention to enterprise management but, more importantly, enterprises themselves should make efforts to improve it. An important reason for the current chaotic enterprise management is the lack of courage, willingness, and skills to carry out management on the part of enterprise managers. Some leading bodies were in low spirits; emphasized external conditions as reasons for difficulties; and waited for, relied on, and asked for assistance from higher authorities. Others were seriously disunited and lacked the energy to attend to management. In some leading bodies, their members, whose structure was irrational and who were of low quality, did not have the qualifications for enterprise managers. Some leading bodies took a laissez-faire attitude toward lax management for fear of offending people

and affecting votes by being strict in management. As a result, some enterprises have failed to improve their economic efficiency over a long period and even suffered serious deficits despite their good equipment and products. If such problems in leading bodies are not solved, strengthening enterprise management will be merely an empty word. In the first half of this year, we reshuffled 180 enterprise leading bodies and the new leading bodies have achieved good results thanks to strengthened management. Therefore, to rectify enterprise management, we should first rectify enterprise leading bodies. We should rectify and improve enterprise management by improving leading bodies. The leading bodies of large and medium-sized enterprises and particularly plant directors and managers should consciously understand that every enterprise should share the heavy task of building socialist modernization and can pose as the direct creator of social wealth. Success or failure by the leading personnel of enterprises has a direct bearing not only on the fate of their own enterprise, the livelihood of staff members and workers, and social stability; but also on the material foundation for consolidating the socialist systems and the progress in realizing the second-phase strategic target of building the socialist modernization. The leading personnel of party and government organs at all levels, of administrative work departments, and of various enterprises must fully discern from the high plane in this regard the important significance of enhancing the construction of leading bodies; realistically enhance the construction of enterprises' leading bodies; commend those who have done their work successfully; criticize those who have done their work poorly; and must adopt resolute organizational measures to deal with those who are actually unable to assume the task so as not to let the socialist enterprises be held up by those who are drifting along in their posts.

4. Issue of Enhancing Leadership Over the Economy

The current economic work and that in 1992, and particularly the task of boosting large and medium-sized enterprises, are extremely arduous and heavy. Whether we can successfully fulfill these targets or not only has an important economic significance but also a far-reaching political significance. Party committees and governments at all levels must realistically enhance their leadership over economic work.

We should always regard economic construction as a center. "One center" and "two basic points" represent the summarization of experience gained by our party in upholding Marxism to carry out the socialist revolution and construction and the program of action for building socialism with Chinese characteristics. Hereafter, no matter how the international situation changes and what difficulties and obstacles we encounter, we will unswervingly follow this line, uphold economic construction as a center, and push the economic work forward. In his important speech given at the "1 July" celebration of the CPC's anniversary, Comrade Jiang Zeming pointed out: "China's basic national conditions have put our country to be in the initial stage of socialism. The fundamental task of

socialism is to develop social productive forces. During the initial stage, we should even consciously and unswervingly put the task in a central position." He has elaborated that the long-term and fundamental task of our country is to concentrate efforts on developing productive forces and boosting the economy. All economic or non-economic departments should do a good job in conducting their own work in line with the center of economic construction; correctly deal with the relationship between the work done by departments and the central work, between the partial and the whole interest, and between the implementation of party's general principles and policies and the specific regulations and rules; and should consciously uphold the principle of having all work be subordinate to or serve the center of economic construction. At present, there are still a large number of departments that go to enterprises to carry out inspection, appraisal, and apportioning; to arbitrarily ask enterprises to set up organs; and even to meddle in the affairs of enterprises arbitrarily. All of these have enabled enterprises to pour out endless grievances. We should make allowances for our plant directors and managers because their feelings of pain or embarrassment which are hard to mention. Governments at all levels and various departments must adopt resolute measures to resolutely combat the phenomena of "three arbitrary collections." Except for the provision issued by the State Council, various appraisals and inspections conducted among enterprises should be suspended. All documents issued by the provincial level departments to enterprises with regard to establishing organs should be abolished. The specific documents that must be implemented should be reported to the provincial party committee and the provincial people's government for examination and approval. We should stop collecting the additional charges for the key projects and technical renovation items not covered by the regulations of the State Council and the provincial people's government. As for all projects not related to enterprises, no departments are allowed to ask enterprises to offer manpower or financial and material supports. All departments should change their concepts and take great steps in rendering good services for grass-roots level units and enterprises and realistically doing practical deeds for them.

We should emancipate minds, renew concepts, be bold in blazing new trails, be brave in practice, and carry out work in a creative way in line with reality. We should fully understand that because our county and our province are so vast, and that the circumstances in various localities differ in a thousand and one ways, and many policies and regulations are not the results of our direct practice. Meanwhile, it is impossible for our country and our province to stipulate all issues in so specific and detailed a manner, still less to forecast all new circumstances and new problems emerging in reform and opening-up in so thorough and accurate a manner. Moreover, it is impossible to try to find out ready-made answers from the clauses stipulated by higher levels for all specific questions we face in the process of carrying out reform and opening-up. This requires our leading comrades at all levels to work in a creative manner in

line with reality. So long as a method is in agreement with the party's basic line as well as the general principles and policies of the CPC Central Committee and the State Council, is compatible with the reality of the respective localities and departments, is conducive to mobilizing the initiative of workers and staff members of enterprises, is favorable to the development of productive forces, and is conducive to realizing the second-step strategic objective of the socialist modernization, we should positively support it, and carry out explorations for it in a bold manner. At the moment, we should particularly increase the dynamics and weight of reform, should regard the difficult points of economic work as the focal points of reform, and find out way out and seek development from reform. As for certain mistakes occurred in reform, leading comrades at all levels should bravely bear the burdens for the grass-roots units, and should help the grass-roots units summarize experiences and draw a lesson from experiences in order to protect their enthusiasm for reform. Towards the experiences and methods created by the grass-roots units which are conducive to promoting the development of productive forces but conflict with certain stipulations of departments, we should not arbitrarily interfere with them, nor should we easily negate them. On the contrary, we should allow the grass-roots units to carry out practices and experiments to constantly perfect their experiences and methods in order to form, as quickly as possible, a situation in which all the levels from top to bottom are devoted to carrying out economic construction, all fields facilitate economic construction, and all the people are wholly absorbed in creating a fine and relaxed environment for economic construction and are devoted to making new contributions to invigorating Liaoning's economy.

We should change work style and successfully carry out all items of work. Thanks to the understanding of the province's situation at the preceding stage and to the defined priorities for economic development strategy, it should be said that the direction, objectives, priorities, and tasks for the province's economic work have become relatively definite. The question at present is that leading comrades at all levels should really pay attention to the practical work with a matter-of-fact attitude in order to truly carry out all items of work in a down-to-earth manner. At the moment, the organs directly under the provincial authorities are launching the activity of rectifying ideology, discipline, and style of work, with the focus on solving the problems with regard to the ideology guiding the work of leading bodies at all levels, the problems with regard to serving economic construction, and the problems with regard to serving the grass-roots units, enterprises, and the masses. We should promote the implementation of all items of work through rectification. We should energetically streamline meetings and documents so that leading comrades at all levels can extricate themselves from the excessive meetings and documents, can free up even more time to go deep into the reality to conduct investigations and studies and to carry out all items of work in a down-to-earth manner.

We should correct the chronic and stubborn long-standing problems of making more dispositions but fewer inspections, and laying emphasis on principles but neglecting implementation. Towards major issues and key tasks which should be fulfilled by localities, letters of responsibility should be signed to ensure the fulfillment. This work should be carried out through to the end. Towards those which fail to fulfill the contracted issues and tasks, punishment should be given. Those which refuse to abide by regulations and prohibitions and thus cause serious losses should be investigated and punished strictly.

With regard to implementation of work, we must give prominence to focal items, pay attention to difficult items, and strive to improve the quality of work. We should not only lay emphasis on running large and medium-sized enterprises well, but also give consideration to other priorities of the economic development strategy. We should pay special attention to keeping and developing the good trends of agriculture, market, township enterprises, and opening-up in order to create an even more relaxed environment for invigorating large and medium-sized enterprises. At the same time, we should pay attention to mobilizing enthusiasm in all fields. At the moment, priority should be given to the division of functions and duties between planning and production commissions and the responsible departments of enterprises in order to give full play to the role of industrial departments and bureaus in managing their own trades. This is an important aspect of strengthening the macroeconomic regulation and control, and is also a weak point of our economic management work. From now on, all industrial departments and bureaus should carry out management in keeping with appropriate trades; should make overall planning for central and local enterprises, for state and collective enterprises, for urban and township enterprises, and for the enterprises under and not under their jurisdiction; should give guidance to these enterprises according to policies; and should strengthen the management functions of respective trades. Industrial departments and bureaus should focus on drawing up appropriate medium and long-term plans and fiscal plans for all trades; should make overall arrangements for and coordinate the technological transformation planning, scientific and technological progress, product mix readjustment, and science and technology import of all trades; should firmly grasp the organization and management of production of respective trades, should optimize the organizational setup of enterprises of respective trades; should strengthen enterprise management of all trades; and should give full play to their due role in economic management.

Comrades, the current economic situation we face, the task of invigorating large and medium-sized state enterprises in particular, is not only arduous but also heavy. Although there are quite a few difficulties, there are also many favorable conditions as follows: 1) At the moment, our policies, society, and popular feeling are stable, and our economy is developing towards a good direction. In

particular, after three years' endeavor of carrying out economic rectification and continuously clearing up "cross-debts," economic activities have tended to normal, and the economic environment has been further relaxed, thus creating a relatively good external condition for invigorating large and medium-sized state enterprises. 2) Recently, the state has adopted many favorable policies for invigorating large and medium-sized enterprises, and the State Council has set forth 12-article policies and eight-article measures, which will instill new vitality to large and medium-sized enterprises. In addition, the State Council has given special support to Liaoning by allowing the province to implement the system of tax distribution on a trial basis. By clearing up the "cross-debts," the State Council has also carried out in the province the method of linking the reduction of the funds occupied by finished products with the increase of the loans for technological transformation and technological development; and allocated more funds to the province for carrying out special technological transformation projects, thus creating an even more favorable condition than other localities for invigorating large and medium-sized enterprises. 3) With the concentration of large and medium-sized state enterprises, our province has been lashed by economic rectification relatively early, and some enterprises in the province have explored ways of invigorating large and medium-sized enterprises relatively early. The many good examples emerging from these enterprises have provided the province with very good experiences for study and reference. These examples tell us that it is completely possible to run large and medium-sized state enterprises well, and, along with the gradual improvement in objective conditions, large and medium-sized state enterprises will be run in an even better way. 4) Through economic rectification, quite a few large and medium-sized enterprises have made progress in technological transformation, readjusted product mix, and witnessed an improvement in competitiveness of products, thus laying a foundation for invigorating enterprises. Moreover, the whole province from top to bottom has become more urgent in wishing to invigorate large and medium-sized state enterprises. So long as we conscientiously implement the guidelines of the central work conference, make full use of these favorable conditions, emancipate our mind, and do a solid job, we will certainly be able to run large and medium-sized state enterprises well and to beef up the province's economic work. We must have full confidence of it.

Northwest Region

Yin Kesheng Urges Closer Party-People Ties

HK1001041792 Xining Qinghai People's Radio Network
in Mandarin 2300 GMT 30 Dec 91

[Excerpts] This morning, the provincial party committee invited 28 representatives of workers, peasants, intellectuals, cadres, and soldiers of the Armed Police force and public security police, who have worked for a long time

at basic levels of various fronts, to a New Year forum held at the (Shengli) Garden Guesthouse. At the forum, the provincial leaders extended regards and respect to those who work at the grass-roots level and also solicited the representatives' opinions on the committee's and government's work.

The forum was presided over by Comrade Yin Kesheng. Also attending the forum were Jin Jipeng, Cai Zhulin, Doba, and others. [passage omitted]

After listening attentively to opinions raised by the representatives, Yin Kesheng, provincial party committee secretary, gave a speech. He said: In 1991, the broad masses of workers, peasants, soldiers of the People's Liberation Army and Armed Police force, intellectuals, and other workers made outstanding contributions to Qinghai's economic construction and reform and made remarkable, praiseworthy achievements. We must, he went on, develop an ardent love for labor and laboring people and a feeling of respect for knowledge and for talented people in society. We must also encourage the people to emulate advanced elements and make progress in unity.

The tasks for next year are very tough. The key to making a success of next year's tasks lies in relying on the masses and strengthening party leadership. He called on leading bodies at all levels to further improve their work style and make the party's relations with the masses closer. Leading cadres at all levels should spend more time going to grass-roots units and to the front line of production and should circulate among the masses to make investigations and solve problems. They should try their utmost to serve the people and the grass roots and make sure every set task is fulfilled. Leading cadres should conscientiously accept supervision by the masses, earnestly listen to the masses' opinions, learn from them with an open mind, and solve practical problems for the grass roots and the people. They should adhere to the mass line in their work to perfect their policy decisions and raise their efficiency. By so doing, they can derive nourishment to enhance their abilities in the process of serving the people, thus becoming the people's servants worthy of the name.

Yin Kesheng sincerely hoped that the representatives present would reflect the people's demands and expectations at all times. He said: You are welcome to discuss work plans with the provincial party committee and government. You are also welcome to visit leading cadres' homes, especially to my home, as guests. [passage omitted]

Bai Qingcai Visits Agricultural Scientists

*HK0901142192 Xian Shaanxi People's Radio Network
in Mandarin 0030 GMT 1 Jan 92*

[Text] Yesterday morning, braving severe cold, Governor Bai Qingcai; Vice Governor Liu Chunmao; Liu

Xuzhou, specially invited adviser to the provincial government; and comrades in charge of relevant departments came to Yangling Agrotechnical Station to salute agricultural technicians there.

At 1030, leaders including Governor Bai Qingcai came to the construction site of [words indistinct] and carefully checked the quality of four new residential buildings. He shook hands with construction workers and encouraged them to constantly enhance their professional knowledge, guarantee both quality and quantity, and strive to fulfill at an early date the design and construction of [words indistinct].

Governor Bai Qingcai and other leading comrades also held cordial discussions with experts and professors of the agrotechnical station, wished them a Happy New Year, and urged them to achieve greater progress in the new year and make new contributions to rejuvenating agriculture with application of science and technology.

Song Hanliang Speaks on Law Popularization

*OW0901053792 Urumqi Xinjiang Television Network
in Mandarin 1655 GMT 8 Jan 92*

[From the "Xinjiang News" program]

[Text] The autonomous regional party committee today held a mass mobilization meeting on the second five-year program for disseminating legal knowledge. The region's leading party, government, and military comrades—including Song Hanliang, Janabil, Wang Lequan, (Qian Xifu), Zhang Shaopeng, Feng Dazhen, Yibulayin Rouzi, Ulatayov, and Ismail Mahsut—attended the meeting. Also in attendance were leading comrades from the production and construction corps.

Song Hanliang, secretary of the autonomous regional party committee, delivered a mobilization speech in which he expressed some of his opinions on how to successfully carry out the second five-year program for disseminating legal knowledge. He said: It is necessary to fully understand the program's significance. Thorough implementation of the program is essential for running domestic affairs effectively; for maintaining the country's political, economic, and social stability and development; and for consolidating the socialist system amid the fickle international situation. It is also necessary for promoting the management of various affairs in accordance with the law; for realizing the Eighth Five-Year Plan and the 10-Year Program; for improving legal concepts and the levels of people of various nationalities; for building socialist democratic politics; and for running the country according to law. It is a major effort that has an impact on the vital interests of people of various nationalities. It is essential for building the socialist spiritual civilization and for nurturing new people who have ideals, moral integrity, good educational backgrounds, and discipline. It is beneficial to the construction of socialist spiritual civilization and to the training for the remainder of this century and the next of a

generation of new people who have ideals, moral integrity, good educational backgrounds, and discipline. In sum, conducting education on the legal system among people of various nationalities has great practical implications and profound historic significance. Party committees, governments, and leading comrades at all levels should improve their understanding of the significance of disseminating legal knowledge. They should concentrate on carrying out the program more conscientiously.

Comrade Song Hanliang said: It is necessary to gain an accurate understanding of the fundamental tasks outlined in the second five-year program for disseminating legal knowledge, and to successfully conduct education to popularize legal knowledge among primary target groups. In disseminating legal knowledge it is essential to focus on the Constitution and to stress the Law on Regional Autonomy for China's minority nationalities as well as other special laws. It is necessary to disseminate legal knowledge among key target groups which primarily consist of three major categories. The first comprises leading cadres at and above the levels of county, construction, and production corps, especially high-level party, government, and military cadres. The second comprises law enforcement personnel, including judicial and administrative law enforcement personnel. The third comprises young people, especially students in colleges, high schools, and primary schools.

Outlining several demands for successfully carrying out our region's second five-year program for spreading legal knowledge, Comrade Song Hanliang said: It is necessary to exercise stronger leadership, to ensure the program's smooth progress, to promote the academic style of linking theory with practice, and to uphold the principle of integrating study with application. All social sectors should make joint efforts in this regard. For their part, all relevant departments should perform their duties in this connection. It is essential to give full rein to the role of media outlets in disseminating legal knowledge. [Video shows medium shots of Song reading from notes]

Janabil, deputy secretary of the autonomous regional party committee, also spoke at the meeting. He asked all localities in the region to make earnest efforts in launching ideological mobilization campaigns and in taking various preparatory actions. He urged them to capitalize on the current excellent situation, to work in unity and concert to surmount difficulties, to successfully carry out our region's second five-year program for disseminating legal knowledge in a down-to-earth manner, and to achieve practical results.

Over 800 people attended the meeting. They included responsible comrades from various commissions, offices, departments, bureaus, and large enterprises and institutions in the autonomous region as well as those from relevant departments in Urumqi.

Mainland May Be Allowed To Open Branch Offices*OW1001005592 Taipei CHINA POST in English
6 Jan 92 p 15*

["Beijing May Start ROC Branch Offices"—CHINA POST headline]

[Text] Taipei may allow Beijing to set up branch offices here, according to the Cabinet-level Mainland Affairs Council.

The Cabinet can grant permission to mainland corporate bodies, groups or other institutions, to set up branch offices in Taiwan to handle business relating to exchanges between people across the Taiwan Strait, according to one of the several clauses added to a new draft of the Cross-Strait Relations regulations.

The council recently introduced a new version of the regulations overriding the original ones currently being reviewed at the Legislative Yuan, or Parliament.

The new version was drafted in an attempt to combine different editions proposed by lawmakers of the ruling Kuomintang and also to try to integrate opposite opinions from other lawmakers.

In an additional statute, the council decided to remain open to the importation of mainland currency.

The statute says that mainland currency can be carried in and out of the country if reported to ROC [Republic of China] customs. The authorities can also make rules about bringing in mainland currency when situations require, according to the clause.

Another new clause restricts local groups to sign agreements with mainland institutions without government permission.

The draft also revises the number of years that Taiwan residents can live in mainland China before they are considered mainlanders from the original two to four years.

Two clauses scratched out in the original draft during the initial review at parliament are put back in the new draft.

They Specify that mainland specialists can obtain professional licenses here after passing qualification examinations and that mainland survivors of military and government employees or retirees are eligible to apply for pensions, which will be paid in one sum.

MAC Increases Effort To Enforce Economic Plans*OW1001002592 Taipei CHINA POST in English
6 Jan 92 p 16*

["Taipei Bringing National Economic Guidelines Into Play"—CHINA POST headline]

[Text] The Mainland Affairs Council (MAC) is stepping up efforts to enforce eight economic plans included in the national Unification Guidelines, the Economic Daily News reported yesterday.

One of the eight plans concerns indirect investment in service industries in the mainland. The MAC will ask related ministries to study the feasibility of allowing local firms to make indirect investments in service industries under their jurisdiction, and then will introduce rules to govern such investments, in accordance with service items to be opened.

The MAC will also move to set up an alarm system to monitor mainland trade and investment, as well as local manufacturing industries there, to prevent such activities from becoming overheated.

Now that the Council of Labor Affairs has completed the feasibility study on the import of mainland labor, and the Council of Agriculture has worked out regulations governing the employment of mainland crews, the MAC will determine when and how to import mainland labor after a comprehensive review of the matter in March.

With regard to indirect transportation links across the Taiwan Strait, the Ministry of Transportation and Communications will map out related control regulations, and the MAC will move to publicize the government policies on indirect aviation and shipping links with mainland.

Meanwhile, the MAC and the Ministry of Finance are collecting information concerning taxation affairs in the mainland, and will settle tax problems deriving from exchange of economic and trade activities across the Strait through a national taxation affairs conference.

The MAC and the Ministry of Economic affairs will also introduce regulations governing investments by local enterprises in high-tech industries in the mainland, and will review current regulations for governing economic and trade exchanges between Taiwan and the mainland.

Executive Yuan To Approve Mission in Latvia*OW1001114292 Taipei CNA in English 0739 GMT
10 Jan 92*

[Text] Taipei, Jan. 10 (CNA)—The Executive Yuan will soon approve the establishment of a Republic of China mission in Latvia, a Foreign Ministry official said Thursday.

The new office will be named "The Republic of China Mission in Latvia".

The ministry official also said that Mehis Põlv, Estonian minister of foreign economic affairs, is scheduled to visit here in mid-January to introduce his country's economic situation and investment climate.

Estonian Prime Minister Edgar Savisaar will not be able to visit Taipei this month because of his busy schedule at home, the official noted.

Hong Kong

Wilson, Macao Governor Discuss Use of Airport

HK1001023792 Hong Kong SOUTH CHINA MORNING
POST in English 10 Jan 92 p 2

[By Paul Godfrey]

[Text] Hong Kong has provisionally accepted an offer to take advantage of the new airport being built in Macao to relieve congestion at Kai Tak until the facility at Chek Lap Kok is completed, the Governor, Sir David Wilson, said yesterday.

Macao's single runway airport is due to open in mid-1995 two years ahead of Hong Kong's \$98 billion [currency not specified] airport and related development, and could provide badly needed relief for Kai Tak which is on target to reach its capacity of 24 million passengers a year in 1993.

The Governor made the announcement at the end of a half-day visit by the Governor of Macao, General Rocha Vieira, during which the two pledged to work together more closely and to strengthen ties between Macao and Hong Kong.

"I can see advantages in an airport being developed at Macao and one at Shenzhen, because over the next few years our airport here at Kai Tak is going to become very crowded," said Sir David.

"If some of the pressure can be taken off by these new airports at Macao and the new one which is already there at Quangtien, the Shenzhen airport, then I think that will be very helpful for Hong Kong in these next few years," Sir David said.

The idea has already been put forward by other prominent figures including casino magnate Dr Stanley Ho, who accompanied General Vieira yesterday, and the general himself.

Provisional Airport Authority chief Mr Richard Allen has speculated that flights into Hong Kong could be diverted to Macao and Shenzhen and announced plans to connect Chek Lap Kok directly with Macao which would enable international passengers to transit through either airport.

But yesterday was the first time the Government had endorsed the idea and the benefits of the new airport at Macao.

Sir David added: "We talked about the plans that both territories have for developing their own airports and I listened with great interest to the plans that Macao has for their airport.

"I confirmed to the Governor that I can see no conflict at all between the plans that Macao has and the ones that we have here in Hong Kong for developing our replacement airport at Chek Lap Kok."

Sir David's enthusiasm was in spite of the fact that the proposed airport has experienced difficulties of its own, including a doubling in cost from \$3 billion patacas (HK\$ [Hong Kong dollars] 2.94 billion) to \$6.5 billion patacas and problems with raising funds.

However, the combined capacity of Macao and Shenzhen airports is unlikely to exceed eight million passengers per year compared with Chek Lap Kok's 35 million on opening in 1997.

The general refused to answer questions on the airport and would only say he had visited some of Hong Kong's airport related developments and had been told of the latest progress in the airport core programme.

"Infrastructures are very important to the international roles Hong Kong and Macao play in this area, connecting this region to other parts of the world, and in reinforcing the business and entrepreneurial confidence which is so important to both territories.

"All these are vital elements to build confidence and hope for the future; to the future of Hong Kong and Macao as special regions of China," he said.

Too many restrictions have been imposed on the new airport consultative committee, a group of scientists told the visiting Chinese official in charge of Hong Kong affairs, Mr Lu Ping, yesterday.

During a meeting with Mr Lu, representatives of the Hong Kong Association for the Advancement of Science and Technology complained that the terms of reference of the committee were limiting its contribution towards the project.

Professor Poon Chung-kwong, who is a member of the consultative body, criticised the Government for failing to provide members with sufficient information.

In addition, the terms of reference deny the committee any decision-making power and it cannot delay the progress of the projects.

Further on Meeting

OW1001101192 Beijing XINHUA in English
0648 GMT 10 Jan 92

[Text] Hong Kong, January 10 (XINHUA)—Hong Kong Governor David Wilson endorsed the idea and the benefits of the new airport being built in Macao in a meeting with the visiting governor of Macao, General Rocha Vieira Thursday.

Macao's single runway airport is due to open in mid-1995, two years ahead of Hong Kong's 98-billion-HK [Hong Kong]-dollar airport. It could provide badly-needed relief for the existing Kai Tak Airport, which is on target to reach its capacity of 24 million passengers a year in 1993.

"I can see advantages in an airport being developed at Macao and one at Shenzhen, because over the next few years our airport here at Kai Tak is going to become very crowded," David said.

"I confirmed to the governor that I can see no conflict at all between the plans that Macao has and the ones that we have here in Hong Kong for developing our replacement airport at Chek Lap Kok," he added.

Provisional airport authority chief Richard Allen has speculated that flights into Hong Kong could be diverted to Macao and Shenzhen and announced plans to connect Chek Lap Kok directly with Macao which would enable international passengers to transit through either airport.

However, the combined capacity of Macao and Shenzhen airports is unlikely to exceed eight million passengers per year compared with Chek Lap Kok's 35 million on opening in 1997.

The governor of Macao said that infrastructures are very important to the international roles Hong Kong and Macao play in this area, connecting this region to other parts of the world, and in reinforcing the business and entrepreneurial confidence which is so important to both territories.

All these are vital elements to build confidence and hope for the future, to the future of Hong Kong and Macao as special regions of China, he added.

Lu Ping Dines With Hong Kong 'Rich and Powerful'

*HK0901060892 Hong Kong THE STANDARD
in English 9 Jan 92 p A-3*

[By Louis Ng]

[Text] China's top official on Hong Kong Lu Ping dined last night with 30 of Hong Kong's rich and powerful at a private dinner hosted by tycoon and political benefactor Li Ka-shing.

Guests at the dinner at the Hilton Hotel included legislator and prominent banker David Li and a number of former Basic Law drafters.

Prominent by his absence was the chairman of the United Democrats and influential legislator Martin Lee.

None of the 15 liberal legislators directly elected to the council on 15 September last year attended.

Diners included Basic Law drafters Ann Tse-kai, Liu Yiu-chu, former conservative legislative councillor Maria Tam, and Rayson Huang Lisung.

Mr Lu praised the Basic Law in a pre-dinner speech.

He said it laid a solid foundation for Hong Kong in 1997 and beyond and that it was important to ensure a smooth and stable transition in the future.

Mr Li—an established friend of Beijing—has been known to generously support a number of organisations, including the British Conservative Party.

British Prime Minister John Major attended a private meeting with Mr Li at his Hong Kong headquarters in Central in September last year. It was revealed in the British press some weeks later that Mr Li had donated of [as published] \$1.5 million to the British Tories in the lead-up to the UK national elections due to be held by July this year.

Mr Lu said yesterday that the proposed Legislative Council standing committee system was a major constitutional change to the political structure.

He said he doubted if the proposal would assist a smooth transition of Hong Kong into a Special Administrative Region [SAR] in 1997.

Mr Lu, who is the director of State Council's Hong Kong and Macao Affairs office, spoke of his reservations about the formal committee system at a lunch at Xinhua News Agency with 10 representatives of several left-wing organisations yesterday.

Mr Lu said although the standing committee did not breach the Letters Patent, it would give more power to the Legislative Council.

He expressed objections to the committee system in 2 and ½ hours of talks with the Governor, Sir David Wilson, on Monday.

Federation of Education Workers chairman Cheng Kai-nam—one of the luncheon guests—said Mr Lu doubted if such a committee could be adopted by the SAR government immediately after 1997.

Avoids Meeting United Democrats

*HK1001021492 Hong Kong SOUTH CHINA MORNING
POST in English 10 Jan 92 pp 1, 2*

[By Kent Chen and Jeremy Lau]

[Text] China's top official in charge of Hong Kong affairs, Mr Lu Ping, yesterday met a group of liberals for the first time during his visit.

But there is no indication the liberal flagship United Democrats will get a chance to put their opinions to him.

By the time Mr Lu leaves for Guangzhou next Tuesday, he will have made himself available to almost every local political group, with the glaring exception of the United Democrats.

The Association for Democracy and People's Livelihood (ADPL) yesterday became the first liberal group to resume official contact with the Chinese authorities after the crackdown on the pro-democracy movement in 1989.

During a 90-minute meeting with Mr Lu, issues including democratisation, inflation, the Legco [Legislative Council] standing committee system and the Court of Final Appeal were discussed.

Mr Lu, the Director of the Chinese State Council's Hong Kong and Macao Affairs Office, is considering plans to hold talks with Meeting Point and the Hong Kong Democratic Foundation.

Chairman of the United Democrats, Mr Martin Lee Chu-ming, said last night there seemed to be a decision on the part of Chinese authorities not to have dialogue with his group.

"Our doors have always been open. Ever since our existence we have made the position quite clear, that if the Chinese authorities would like to meet us, we are all ready to do that," he said.

Mr Lee said the decision to open a dialogue rested entirely with the Chinese side.

"One can only hope that they will soon see that this present course they are maintaining cannot be in the interest of China or Hong Kong when the majority of the directly-elected members, who have popular support, are excluded," he added.

The Democrats are considering writing to Mr Lu explaining their position regarding the spirit of Hong Kong people ruling Hong Kong and a high degree of autonomy.

Mr Lee said it was important for Mr Lu to hear the views of different sectors of the community when he visited the territory.

ADPL chairman Mr Frederick Fung Kin-kee would not say why the association had been chosen to meet Mr Lu, when others had not.

"We do not mind how other groups will see us," he said, adding that the opinions put to Mr Lu were not to appease Beijing.

The seven representatives seized the chance to remind Mr Lu that Hong Kong people were still dissatisfied with the June 4 crackdown and urged China to release all dissidents.

Mr Fung said the atmosphere turned tense when the June 4 crackdown was raised and Mr Lu parried the question and just said the handling of dissidents was beyond his power.

Mr Lu also told the association members that he would pass on their opinions to the central Government when he returned to Beijing.

Although Mr Lu did not give any concrete answers to their questions, Mr Fung said it was not unexpected.

"We just wanted to build up a mutual understanding and this is a good start. We have to see what China will do

about our opinions and we have to follow up to see whether our points have been accepted," he said.

However, he said they had no intention of visiting China at the moment.

Mr Lu will meet the Liberal Democratic Federation and the Federation for the Stability of Hong Kong today, and the Co-Operative Resources Centre tomorrow.

He has already met the left-wing Federation of Trade Unions, the Federation of Education Workers and the Federation of New Territories Associations on the first day of his private visit.

The pro-Beijing New Hong Kong Alliance, founded by former Executive and Legislative Councillor Mr Lo Tak-shing, and the One Country, Two Systems Economic Research Institute both hosted receptions for Mr Lu yesterday.

Cathay Chief Views Post-1997 Airline Ownership *HK1001071292 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 10 Jan 92 p 1*

[By Giselle Militante]

[Text] The United States is to present the Hong Kong Government with a package of proposals aimed at allaying American fears about the ownership of Hong Kong designated airlines after 1997.

A member of the U.S. negotiating panel said they were concerned that the loose criteria for designating a Hong Kong carrier after 1997 would leave the door wide open for the entry of a third party.

Hard bargaining is likely in the coming round of talks scheduled for Washington next week, which are expected to touch on the ownership question as well as route structures and fifth freedom traffic rights.

The Joint Declaration only provides that an airline be incorporated in Hong Kong and do business in Hong Kong to qualify as a designated carrier. No mention is made about the ownership of stock.

"This is definitely a concern for the U.S. and any country. We've asked the same question in Macao. If incorporation is the only criterion, there is nothing to stop, say, Swissair from incorporating in Hong Kong and flying to the U.S.," said a source.

However, Cathay Pacific managing director Peter Sutch did not agree. "There are many countries which have signed new separate Air Services Agreements with Hong Kong such as France, Germany and Canada, and none of them have problems with the present system. I do not see why the Americans should have problems with this.

How the two sides confront the issue will directly affect changes in Cathay's ownership structure. If the Americans succeed in pushing for stock ownership criteria, Cathay's shareholding structure would have to be

adjusted so as to ensure that Hong Kong nationals held a controlling interest in the carrier after 1997.

"We will address the question of routes and put forward the question on the ownership of the airline," the U.S. negotiator said. "We're getting down to the meat and potatoes of the business."

He added that both sides would also be taking up the route structure issue in the three-day talks.

"The gateway points and the fifth freedom issue, particularly the cargo side, also have not been resolved."

A fifth freedom traffic right will allow the U.S., for instance, to carry revenue traffic between Hong Kong and a third party, such as Thailand.

Commenting on this, Mr Sutch said: "We can see no reason why the current imbalance in the earnings between Hong Kong and the United States should be further aggravated by granting fifth freedom rights to U.S. cargo carriers, particularly when they are asking for rights on routes that are already adequately served."

Legislators Show 'Concern' Over Electricity Sale

HK0901061992 Hong Kong SOUTH CHINA MORNING POST in English 9 Jan 92 p 3

[By Shirley Yam]

[Text] Legislative Councillors yesterday expressed concern over a government agreement to exclude from its scheme of control the profits China Light and Power (CLP) makes from the sale of electricity to China.

They warned of rises in the price of electricity and the possibility the company would expand its facilities to serve the mainland market, to the detriment of local users.

Under the deal, the company will be allowed to keep an agreed percentage of profits from the China market to be distributed to its shareholders as dividends, while the remainder will go to a development fund.

At present, all such profits are transferred to the fund, which was established to help further investment and to pay the company if its permitted return is not achieved.

A government official declined to reveal the percentage but said it was "a little bit more than a token" to give shareholders recognition of the company's efforts in China.

Under the existing scheme, which is to be renewed next year, the company's permitted return in the local market is equal to 15 per cent of its fixed assets in the territory.

The new agreement will be announced next month.

The official said there would be close monitoring of the installation of new facilities so the company's fixed assets would not be inflated by equipment needed for the mainland market.

The official said the electricity for China was being generated from the spare capacity of local power plants during off-peak hours.

"We take into account only the forecast in local demand in deciding whether new plant is needed for Hong Kong," said the official. Legislator Mr Lau Chin-shek, who heads the Joint Committee on the Monitoring of Public Utilities, warned of possible tariff rises because less money would be injected into the development fund.

"They are playing tricks. They know that it will be very difficult to get a rise in permitted return for the company's local market with public opposition," said Mr Lau.

He said the new deal would stand as a great temptation for the company to overestimate local demand to justify the construction of new plants to boost its fixed assets.

Mr Albert Chan Wai-yip, of the United Democrats, questioned the Government's ability to ensure a clear split of costs for the two markets.

To avoid any subsidy for the mainland market, Mr Chan said, the CLP should be asked to set up a separate company to handle the business across the border.

"The CLP can then sell its spare capacity to the new company and its total profit will still be covered by one single scheme of control," he said.

The two liberals planned to ask the administration to explain the new deal in the coming meeting of the Omelco [Office of Members of the Executive and Legislative Councils] economic services and public utilities panel.

CLP officials were unavailable for comment yesterday.

Article Criticizes Democratic Alliance 'Lackeys'

HK0801015992 Hong Kong TA KUNG PAO in Chinese 6 Jan 91 p 7

[By Hsieh Ming (6200 7686)]

[Text] After Liu Shan-ching was released and returned to Hong Kong, the "Alliance in Support of the Patriotic Democratic Movement" organized a candlelight vigil and a so-called large-scale New Year's Day democracy procession. Very few people attended and, even if the figure was exaggerated by some in the media, participants in the procession numbered about 1,000. What percentage of Hong Kong's 5.7 million people is 1,000? A certain newspaper reported on 2 December: "Six Standing Committee members of the Alliance in Support of the Patriotic Democratic Movement, Szeto Wah, Cheung Man-kwong, Lau Chin-shek, Yeung Sum, Fung Chi-wood, and Lam Kui-shing, who are also Legislative Council [Legco] members, held a rally in Central District yesterday, and afterwards led some 1,000 citizens..." It also reported that participants in the procession "brandished Taiwan's flags of blue sky, bright daylight, and red all over the land in addition to slogans pointing out

that the CPC will fall from power like the CPSU." Some so-called democratic movement public figures spoke at the gathering, urging people "to strive for China's democracy and to put an end to one-party dictatorship."

We know that these "Alliance in Support of the Patriotic Democratic Movement" Standing Committee members are also important officials of the "United Democrats of Hong Kong," and Legco members. When Legco discussed the Court of Final Appeal in the beginning of December, they were described by the media as "holding aloft" and "supporting" the Joint Declaration and Basic Law. Were they "fighters for democracy," and did they plead for the people? No, it was they who "held aloft" and "supported" the Joint Declaration and Basic Law and it was they who cursed and burned them. They shouted "down with" this and that; clamored for "putting an end to" the so-called "dictatorship" and "autocratic rule"; went en masse to Government House "to force the governor to do what they wanted"; compelled Allen Li Peng-fei, a senior Legco member, to resign; wanted to establish the system of a standing committees; and they turned the "executive-led" organization into a "legislative center." They announced nonrecognition of China's central government and declared that the Sino-British Joint Declaration did not have to be observed. They consider Hong Kong an independent political entity and are the dominant force in this "political entity." They profess "democracy" but are arrogant and conceited and exclude outsiders.

In the "large-scale New Year's Day democracy procession," Szeto Wah "spoke despite being ill" and claimed that the "Alliance in Support of the Patriotic Democratic Movement" is "the banner of Hong Kong supporting China's democratic movement."

What on earth is this banner?

What is the "Alliance in Support of the Patriotic Democratic Movement"? It is a handful of anti-communist and anti-China figures who have obtained legitimate status in the garb of "democracy" while the British rule Hong Kong, and who have tried to incite Hong Kong people into opposing and overthrowing socialist China. They not only want to "support" a handful of so-called "democratic figures" at home, but also arrogantly attempt to directly participate in the unlawful activities of subverting the present regime on the mainland. No country in the world will tolerate subversive activities from outside its borders in disregard of its own law, however "democratic" and "free" it may be. If you do not believe this, "Alliance in Support of the Patriotic Democratic Movement" fighters might as well go to London, Washington, New Delhi, and Singapore to change the systems and overthrow the governments there in a "democratic" and "free" manner. You will see whether or not those countries arrest them and punish such unlawful activities in accordance with their own law. The "Alliance in Support of the Patriotic Democratic Movement" is now acting in collusion with "figures going into exile" in disregard of Hong Kong's

happiness, stability, and prosperity, and want to turn Hong Kong into an anti-communist and anti-China base. Can this be tolerated by the sensible Hong Kong people? We have reason to demand strongly that the "Alliance in Support of the Patriotic Democratic Movement" bring these harmful activities to an end.

In November, President Bush attacked the Chinese Government for "stubbornly resisting the world tendency toward political diversification" and stated that it was necessary to find "a method to make a benign change in this region with the largest population." Baker, secretary of state, however, ignored protocol and wrote an article announcing that China "is a regime that is out of keeping with the times." The United States has attempted to subvert the Chinese Government through its diplomatic and economic and trade activities. What is the "Alliance in Support of the Patriotic Democratic Movement"? The "Alliance in Support of the Patriotic Democratic Movement" is merely a tool which foreign countries use to subvert China. Did not Martin Lee Chu-ming, a backbone figure of the "Alliance in Support of the Patriotic Democratic Movement" and "United Democrats of Hong Kong," repeatedly go to the United States to carry out activities all over the country? Did not he and U.S. congressmen, who are hostile to China, flatter each other and show hostility toward the Chinese Government? How did the "Alliance in Support of the Patriotic Democratic Movement" welcome the U.S. congressmen and congresswoman who stealthily carried out activities in Tiananmen, and can the people forget this kind of ignominious behavior of opposing their own motherland in collusion with foreigners?

The "Alliance in Support of the Patriotic Democratic Movement" is hostile to the Chinese Government and the Chinese people. It also relies on foreigners and foreign capitalist forces, standing in the forefront as an anti-China and anti-communist outpost. This is not a new banner, but the same banner held high by the lackeys who the imperialists have been finding in China during the last 100 years—and more—since they began invading China.

Guangdong Vows To Boost Ties With Hong Kong
HK0901055992 Hong Kong SOUTH CHINA MORNING POST in English 9 Jan 92 p 8

[By Willy Wo-lap Lam]

[Text] Guangdong has vowed to boost co-operation with Hong Kong in a bid to maintain the province's status as national pace-setter for reform.

The southern province's strategy for the 1990s was laid out yesterday in a report delivered by Acting Governor, Mr Zhu Senlin, at the opening of the Guangdong People's Congress.

Apart from confirming Mr Zhu as Governor, the nine-day conclave would ratify reform programmes that would launch Guangdong into Asia's "Fifth Dragon".

A key plank of Mr Zhu's game plan was to boost economic linkage with Hong Kong, whose "economic integration" into Guangdong is expected to take place before political integration in 1997.

"We must further strengthen economic and technological exchanges and co-operation with Hong Kong and Macao," Mr Zhu said.

"We must set our sights on the future, so that economic co-operation can be raised to a higher level".

Apart from major infrastructural projects, the Acting Governor said Guangzhou would boost co-operation with the Hong Kong Government on a day-to-day basis. He cited the joint clearing up of the polluted Shenzhen River, which straddles the boundary between Hong Kong and the Special Economic Zone.

Mr Zhu, a former party chief of Guangzhou, said the province had to take advantage of the favourable national climate, including the end of the three-year retrenchment, to bid for bolder steps in reform.

"We must grasp the opportune moment and speed up the pace of reform," he said.

The Acting Governor said reform efforts would concentrate on areas including separation of government and business, and experiments with the stock system.

Local sources said the local government was aggressively lobbying Beijing for permission to open the nation's third stock exchange in Guangzhou and to convert more state companies into joint-stock concerns.

Turning to social issues, Mr Zhu said the top priority was to combat crime, especially organised crime, drug trafficking, smuggling and prostitution.

"We have resolutely abolished some ugly social phenomena, and started tough anti-narcotics operations as well as activities to crack down on smuggling along the coast," he said.

The head of China's richest province especially stressed the need to "enhance the struggle against enemy forces both within and without," an apparent reference to efforts by agents of "neo-imperialists" to turn the country capitalist.

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